

# MANDENI MUNICIPALITY



ANNUAL REPORT

2011-2012

## Vision

We, the community, Amakhosi, Councilors and staff of Mandeni Municipality hereby resolve that our Municipality will strive for excellence in the effective and efficient management of its financial, human, capital and developmental resources.

- ❁ We shall strive to maximize opportunities for growth and development for all people in our community, as well as the natural resources within our Municipal area.

- ❁ We recognise that our economy is industrial and agricultural in its nature, and shall, therefore, strive to maximize opportunities for growth in the industrial and agricultural economies.
- ❁ We are proud of the history and heritage of our Municipal area and commit ourselves to the growth of our historical and heritage resources in the tourism economy.
- ❁ We will endeavour to minimise the spread of

diseases such as HIV/AIDS, cholera, tuberculosis and others.

- ❁ In all our endeavours and efforts Mandeni shall be the best-run urban-rural Municipality in the province.

## Mission

Our mission is to maximize social development, economic growth and human resources management through collective and self-less dedication to our calls and responsibilities, regardless of race colour, creed, sex, and gender or political affiliation.





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# GLOSSARY

- ✿ ARV's- Antiretroviral
- ✿ AFS - Annual Financial Statement
- ✿ AG- Auditor-General
- ✿ AIDS- Acquired Immune Deficiency Syndrome
- ✿ BP - Blood Pressure
- ✿ CBD - Central Business District
- ✿ CCMA - Commission for Conciliation, Mediation and Arbitration
- ✿ CDW's - Community Development Workers
- ✿ CFO - Chief Financial Officer
- ✿ CLLR - Councilor
- ✿ COGTA - Corporate Governance and Traditional Affairs
- ✿ CTO- Community Tourism Organisation
- ✿ DAEA- Department of Agriculture and Environmental Affairs
- ✿ DAEARD - Department of Agriculture, Environmental Affairs and Rural Development
- ✿ DFA - Development Facilitation Act
- ✿ DLGTA- Department of Local Government and Traditional Affairs
- ✿ DM - District Municipality
- ✿ DOA - Date of Appointment
- ✿ DOH - Department of Housing
- ✿ DoRA- Division of Revenue Act
- ✿ DOT - Department of Transport
- ✿ DPA - Disaster Recovery System
- ✿ DPLG - Department of Provincial and Local Government
- ✿ DWA - Department of Water Affairs
- ✿ EEP - Employment Equity Plan
- ✿ EER - Employment Equity Report
- ✿ EDPC - Economic Development Portfolio Committee
- ✿ EIA- Environmental Impact Assessment
- ✿ EMP- Environmental Management Plan
- ✿ EPAS - Employee Performance Appraisal System
- ✿ EXCO - Executive Committee
- ✿ GIS- Geographic Information System
- ✿ GRAP - Generally Recognised Accounting Principles
- ✿ HIV - Human Immunodeficiency Virus
- ✿ HOD - Head of Department
- ✿ HR- Human Resource
- ✿ IDP - Integrated Development Plan
- ✿ IT- Information Technology
- ✿ IS - Information Systems
- ✿ IWMP - Integrated Waste Management Plan
- ✿ KPA - Key Performance Area
- ✿ Kwh - Kilowatts per hour
- ✿ LED - Local Economic Development
- ✿ LGSETA - Local Government Skills Education and Training Authority
- ✿ LM - Local Municipality
- ✿ MANCO- Management Committee
- ✿ MAP - Municipal Assistance Programme
- ✿ MEC- Member of the Executive Council
- ✿ MFMA - Municipal Finance Management Act
- ✿ MIG - Municipal Infrastructure Grant
- ✿ MM - Municipal Manager
- ✿ MPCC- Multi-Purpose Community Centre
- ✿ MPRA - Municipal Property Rates Act
- ✿ MPPs- Mass Participation Programmes
- ✿ MSA- Master System Act
- ✿ MSIG- Municipal Systems Improvement Grant
- ✿ MSP- Master System Plan
- ✿ NDPG- Neighbourhood Development Partnership Grant
- ✿ NEMA- National Environmental Management Act
- ✿ NKPA - National Key Performance Areas
- ✿ NSDP- National Spatial Development Plan
- ✿ OHSA- Occupational Health and Safety Act
- ✿ PGDS- Provincial Growth Development Strategy
- ✿ PMS - Performance Management System
- ✿ PPP - Public Private Partnership
- ✿ PWD- People With Disabilities
- ✿ SAFA- South African Football Association
- ✿ SALGA- South African Local Government Association
- ✿ SAPS- South African Police Services
- ✿ SARS- South Africa Revenue Services
- ✿ SASSA - South African Social Security Agency
- ✿ SDBIP - Service Delivery Budget Implementation Plan
- ✿ SDF- Spatial Development Framework
- ✿ SMME - Small Medium and Micro Enterprises
- ✿ TCE- Total Control Epidemic
- ✿ VAT- Value-Added Tax
- ✿ VIP- Very Important People
- ✿ VPN - Virtual Private Network
- ✿ WSP- Workplace Skills Plan
- ✿ WWTW - Water Waste Treatment Works

# EXECUTIVE COMMITTEE AND OTHER COUNCIL MEMBERS

## Executive Committee

Mayor and Chairman of the Executive Committee : Cllr SB Zulu  
Deputy Mayor : Cllr PM Sishi  
Speaker (Ex-Officio) : Cllr GC Mfekayi

## Members of the Executive Committee :

Cllr BL Magwaza  
Cllr S Ndlovu  
Cllr MS Mdunge

## Other Councillors

Cllr EL Dube	Cllr GN Zungu
Cllr EK Dube	Cllr SJ Zibane
Cllr BA Khumalo	Cllr NF Ntuli
Cllr CT Khumalo	Cllr MM Ziqubu
Cllr NE Hlabisa	Cllr SS Mdunge
Cllr HM Gumede	Cllr ZM Mhlongo
Cllr P Gumede	Cllr JM Mkhize
Cllr GPS Mathonsi	Cllr BP Mngadi
Cllr XH Mathonsi	Cllr N Msimango
Cllr NP Masondo	Cllr NS Msomi
Cllr LR Mbonambi	Cllr CZ Ngcobo
Cllr K Naidoo	Cllr BW Ngiba
Cllr LR Mdletshe	Cllr N Reddy
Cllr X Mdletshe	

## MANAGEMENT

### Senior Management.

Municipal Manager	: LH Mapholoba
Chief Financial Officer	: NR Hlongwa
Director: Corporate Services	: NG Kumalo
Director: Technical Services	: R Sewdular
Manager: Corporate Services	: NN Mhlungu
Manager: Income	: W Doorasamy
Manager: Community Services	: NG Ntshangase
Manager: Expenditure	: T Fakir
Manager: Integrated Development Planning	: Vacant
Manager: Performance Management	: NN Zungu



# Chapter One







# Mayor's Foreword

His Worship The Mayor  
Cllr S. B Zulu

*"the municipality remains committed to democratic governance to ensure that our short, medium and long term strategies, priorities and plans are implemented."*

The year 2011/2012 financial year marks the first cycle of the Integrated Development Planning five year cycle. In our effort in reducing poverty and under-development and improve the quality of life for our community, the municipality remains committed to democratic governance to ensure that our short, medium and long term strategies, priorities and plans are implemented.

The Council was faced with vast challenges emanating from a large percentage of indigent members of the community. This curtails the ability to pay for services and places an enormous burden on the municipality to provide services efficiently and effectively.

We still continue to experience challenges in addressing some of the service delivery backlogs more particularly on electricity due to limited financial resources. Our effort to address service delivery backlogs on infrastructure is hampered by inadequate allocations for infrastructure development. The pace at which our infrastructure has been deteriorating over the years far exceeds the available financial resources to address the situation. Despite all the challenges we have faced, we have maintained our resolute stance of ensuring that our finances are managed appropriately. It is in this regard that I am pleased to inform you that our municipality has again received an unqualified Audit Report for the year 2011/2012

I would therefore like to express my appreciation to all Councilors, Municipal Manager, and his staff for their dedication, cooperation and hard work during the year under review.

**CLLR S.B. ZULU**  
HIS WORSHIP THE MAYOR



# Municipal Manager's Foreword

*"Good Governance and Public Participation, Municipal Transformation and Institutional Development, Financial Viability and Management."*

The Mandeni Municipality is mandated by Sections 125-127 of Local Government: Municipal Finance Management Act, No.56 of 2003 to prepare an annual report that details the functioning of the municipality for the period under review, namely, 2011/12.

This financial year started with an annual strategic planning session where councillors were inducted on the roles and responsibilities considering that some councillors were new in the municipality and some being reminded. The strategic planning session paved the way for an all-inclusive programme of the municipality endorsed by all councillors regardless of political affiliation.

This period covers the first full financial year for the current term of councillors. This has been a very difficult year for the municipality considering that for the greater part of the municipality, there was no accounting officer/municipal manager. This seriously affected the municipality since there was no clear accountability and confidence required at management level and the fact that council was hit by fraud and corruption scandal involving traffic officers of the municipality. The municipality also was put under a lot of pressure by residents on issues of service delivery and corruption which led to the MEC for Cooperative Governance & Traditional Appointing forensic auditors to deal with the allegations.

Despite these negative events, the municipality has resisted and continued to function and deliver services

to the people as shown by various projects that took place in the municipality. The report details all this for the reader to see what it has done. We are proud of the fact that the municipality continued to ensure compliance with relevant legislation hence it has been receiving unqualified audit reports in the previous financial years. The audit committee functioned for the entire period and ensured that internal controls were in place and continuously tested to ensure reliability and credibility and continuously reported to council even on performance information.

The feeling of the vacancy of the municipal manager/accounting brought much relief and as such the financial year was closed on a high note.

I wish to thank the former Acting Municipal Managers, Messieurs Geoffery Khumalo and Siyabonga Khanyile for the sterling work done to ensure that the ship did not sink and ensured that the municipality remained focussed on core business of service delivery and bettering the lives of Mandeni. The community and other stakeholders have remained faithful despite challenges and situations that were very tough.

The report will mainly cover five national key performance areas and these are;

- Good Governance and Public Participation
- Municipal Transformation and Institutional Development
- Financial Viability and Management

- Basic Service Delivery and Infrastructural Development
- Local Economic Development

We sadly lost the Mayor, Cllr LNP Shabalala, and that also had an impact in that the municipality operated without the mayor for the last quarter of the year and I wish to thank the Deputy Mayor, Cllr Sishi for her sterling in the period.

Following the release of the Auditor General's report management has taken extra ordinary steps of ensuring the issues raised are dealt with immediately. We are strengthening the Supply Chain Management (SCM) unit with qualified and experienced personnel in order to ensure that we comply with constitutional and legal principles guiding supply chain management. The position for the Manager\_ Supply Chain Management will be advertised soon and also contract management will also be strengthened.

The oversight structures like MPAC and Audit Committee will be strengthened further in order to ensure that all weaknesses in the system are curbed and accountability and transparency are strengthened. The action plan to address all issues raised is attached as part of the AGs report so that members of the public can see what we intend doing in order to avoid repeat findings but also ensure that we move towards clean audit.



## CHAPTER I ...continued

Serious attention will be given to the management of performance information. The Manager: PMS has been employed and is working hard in order to address all issues raised by the AG. More especially aligning our targets with IDP priorities but also ensuring that SDBIP is realistic and achievable. We call upon all citizens and stakeholders to participate in the stakeholder engagements on annual report and give their positive views.

LET US ALL SAY EYETHU iMANDENI EYETHU!!

YOURS IN SERVICE DELIVERY EXCELLENCE.

A handwritten signature in black ink, appearing to read 'LH Mapholoba', with a stylized flourish extending from the end.

LH MAPHOLOBA  
MUNICIPAL MANAGER

## 1.3 BACKGROUND OF AN ANNUAL REPORT

The most important documents tabled for any municipality or entity is its Integrated Development Plan (IDP), Budget, and Annual Report. The IDP and Budget are forward-looking, they set out what the municipality intends to do and the funds it will raise to spend. The Annual Report on the other hand, is backward-looking as it reports on actual performance at the end of the financial year, reporting on how the IDP and Budget were implemented.

## 1.4 LEGISLATIVE MANDATE

MFMA Circular No. 11 of 14 January 2005 provides guidelines on Annual Reporting. It spells out how an Annual Report should be prepared: "Every Municipality and Municipal entity must prepare an annual report for each financial year in accordance with the-  
❁ Municipal Finance Management Act (MFMA) No. 56 of 2003 and, during the MFMA transition period;

- ❁ Division of Revenue Act, and-
- ❁ Municipal Systems Act No.32 of 2000."

The Circular further expresses the idea that the Annual Report must be aligned with IDP and Annual Budget (SDBIP). The content and process to follow should be guided by MFMA. The Municipality should disclose in their financial statements amounts owed to them and persistently delayed beyond 30 days.

In terms of Section 127(1) of the MFMA, the Accounting Officer of the Municipality must, within six months after the end of a financial year submit the Mandeni Municipalities Annual Report for this financial year to the Municipal Manager of the ILembe District Municipality as its parent.

In terms of Sections 127(2) of the MFMA, the Municipality Mayor must within seven months (i.e. 31 January) after the end of the financial year, table in the Council the Annual Report of the Municipality for consideration concurrently with that of the parent

municipality - ILembe District Municipality. Section 129 (1) further suggests that the Council must adopt an oversight report by no later than two months (31 March) from the date on which the Annual Report was tabled.

Section 127(5) states that, immediately after an Annual Report is tabled in the Council in terms of Subsection (2), the Accounting Officer of the Municipality must, (a) in accordance with Section 21A of the Municipal Systems Act, make public the Annual Report, and invite the local community to submit representation in connection with the Annual Report; and (b) submit the Annual Report to the Auditor-General, the Provincial Treasury and the responsible provincial department (COGTA).

## 1.5 OVERVIEW OF THE MUNICIPALTY

### 1.5.1 VISION

"BY 2030 TO BE A WELL RUNNED MUNICIPALITY WITH IMPROVED QAULITY OF LIFE FOR ITS CITZENS, SOUND FINANCIAL BASIS, EXCELENT SOCIAL AND ECONOMIC INFRASTRUCTURE, DRIVE A STRONG ECONOMY, SUSTAIN CLEAN AND NATURAL ENVIRONMENT"

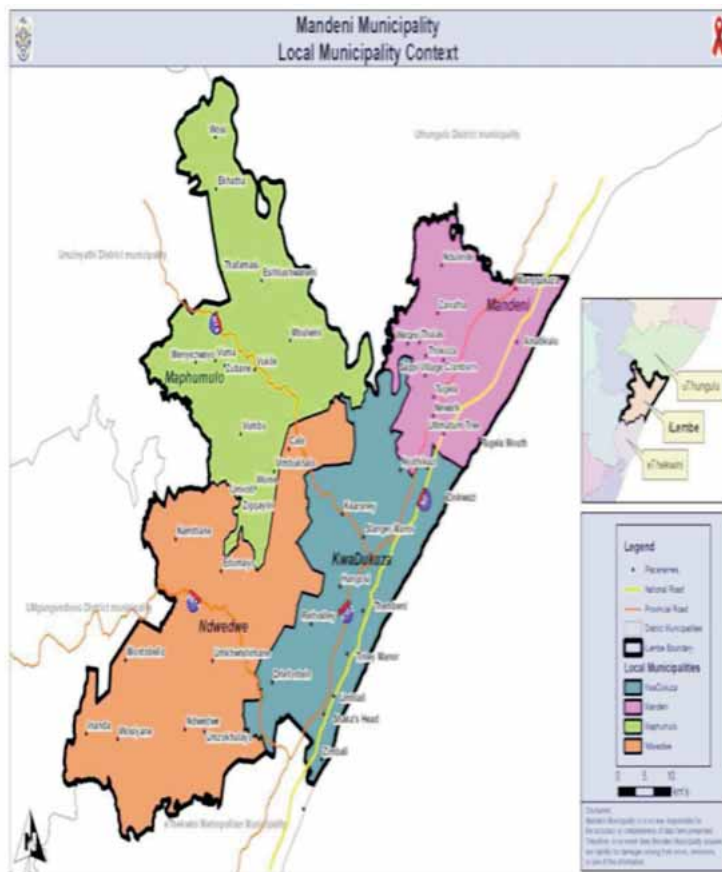
### 1.5.2 MISION

Our mission is to maximize social development, economic growth and human resources management through collective selfless dedication to our calls and responsibilities.

### OUR VALUES

We value:

- ❁ High work ethics.
- ❁ Maximum participation by all stakeholders and role-players in Municipal initiatives.
- ❁ Transparent, effective, efficient and accountable governance.
- ❁ Placing the interests of our communities, customers and clients first.
- ❁ Our Good Name and impeccable credentials



### 1.5.3 Geographical Location

Mandeni Local Municipality is strategically located midway between Durban and Richards Bay, and lies on the development corridor on the North Coast between these two major port cities in KwaZulu-Natal. It is located on the major railway and road transportation routes which link these two economic hubs in KwaZulu-Natal. This strategic location is also acknowledged in the Provincial Spatial Framework which has identified Mandeni as the growth node in the north coast corridor. Mandeni Local Municipality enjoys excellent regional transportation linkages with the national road - N2 - serving the province, the two major ports of Durban and Richards Bay, the railway line which serves as an important link between the ports as well as the hinterland parts of South Africa, and the airports - both existing and proposed, including the Isithebe airstrip. The identification of eThekweni-Mhlathuze Corridor places Mandeni Local Municipality in an advantageous position as it is located in-between these two municipalities. It stands to benefit hugely from economic activities that will accrue as a result of this initiative. Mandeni Local Municipality also functions as an important service centre for a substantial rural hinterland which lies to the west beyond the Endulinde Hills. There are no other service centres in the tribal areas, and therefore the urban centre of Mandeni serves as an important sub-regional service

Centre for the 'shadow corridor of poverty' which tracks the 'development corridor' along the coast.



## 1.5.4 DEMOGRAPHICS

### 1.5.4.1 POPULATION

Population Demographics

Ward	Population	Race(%)					Gender(%)		Martital Status(%)		Literacy(%)
		African	Coloured	Indian	White	Other	Male	Female	Unmarried	Married	Illiterate
1	5159	99.4	0.2	0.0	0.0	0.4	44.5	55.4	64.6	30.8	16.8
2	4125	99.7	0.1	0.1	0.1	0.0	48.2	51.7	55.0	22.9	18.6
3	9050	49.8	2.5	17.4	29.2	1.0	51.7	48.3	35.5	44.7	11.4
4	16710	94.8	0.3	4.0	0.3	0.7	52.2	47.8	42.6	23.6	29.1
5	10960	99.9	0.0	0.0	0.0	0.1	44.8	55.3	68.1	25.7	22.9
6	14868	98.4	0.0	0.0	0.0	1.6	45.0	55.0	60.7	27.2	20.0
7	5579	99.6	0.0	0.0	0.0	0.4	45.7	54.3	66.8	24.3	11.9
8	6550	99.5	0.0	0.0	0.2	0.3	47.2	52.7	65.9	25.9	17.2
9	9931	97.6	2.0	0.0	0.0	0.4	45.5	54.5	62.1	29.2	17.2
10	2741	97.2	0.1	0.1	1.8	0.7	50.2	49.8	46.8	19.2	27.9
11	3675	96.8	0.1	0.0	0.0	3.0	45.8	54.1	71.5	20.8	22.8
12	6741	99.8	0.0	0.0	0.0	0.1	46.1	53.9	61.0	19.3	19.5
13	4072	99.2	0.0	0.0	0.0	0.8	45.8	54.1	63.2	26.5	8.5
14	6934	99.5	0.0	0.0	0.1	0.4	46.9	53.0	56.6	31.5	5.3
15	4814	98.8	0.0	0.0	0.0	1.2	44.9	55.0	66.5	23.1	9.4
16	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

According to STATS SA 2003



## 1.5.4.2 HUMAN CAPITAL DEVELOPMENT

Employment Status							
Ward	Population	Age(%)				Employment Status(%)	
		Children	Youth	Middle Age	Elderly	Employed	Unemployed
1	5,159.0	43.7	33.2	17.5	4.1	32.6	67.4
2	4,125.0	39.0	36.9	19.7	4.1	52.0	48.0
3	9,050.0	27.7	38.1	30.6	3.2	86.8	13.2
4	16,710.0	27.9	51.2	20.8	3.1	84.7	15.3
5	10,960.0	38.6	34.2	21.9	4.7	46.9	53.1
6	14,868.0	40.6	34.3	18.7	4.4	49.6	50.4
7	5,579.0	32.8	42.0	22.9	2.2	68.6	31.4
8	6,550.0	40.3	35.6	19.9	3.9	44.2	55.8
9	9,931.0	39.5	34.8	20.2	5.0	47.1	52.9
10	2,741.0	32.4	39.9	24.2	2.8	88.5	11.5
11	3,675.0	32.7	38.2	20.1	3.4	58.6	41.4
12	6,741.0	37.1	40.1	20.5	2.1	66.2	33.8
13	4,072.0	32.3	44.0	21.7	2.0	79.6	20.4
14	6,934.0	37.0	40.2	21.9	1.3	79.1	20.9
15	4,814.0	30.6	45.0	21.6	1.9	74.2	25.8
16	0.0	0.0	0.0	0.0	0.0	0.0	0.0

According to STATS SA 2003



#### 1.5.4.3 INFRASTRUCUTRE DELIVERY

Service Delivery						
Ward	Households	Formal Dwellings (%)	Telephone at Home (%)	Electricity (%)	Sanitation (%)	Piped Water to Dwelling (%)
1	727	49.0	0.7	3.7	1.5	1.5
2	630	26.3	0.5	11.7	7.6	3.3
3	2072	75.5	55.6	72.6	67.1	68.8
4	5184	14.3	4.1	20.9	7.6	2.9
5	2143	50.9	0.3	61.9	0.2	2.1
6	2532	25.7	0.3	30.1	0.2	0.0
7	1526	78.5	18.6	76.9	72.7	80.9
8	1115	43.7	5.1	18.4	3.0	5.5
9	1695	23.5	6.7	8.4	6.4	1.7
10	572	78.3	2.8	81.5	14.2	9.3
11	947	71.9	0.0	14.7	3.0	3.4
12	1510	39.8	0.2	38.1	0.3	0.2
13	1199	87.3	23.6	88.8	99.5	88.3
14	1708	91.7	26.6	94.6	98.7	87.9
15	1074	81.7	30.5	80.8	98.4	87.5
16	0	0.0	0.0	0.0	0.0	0.0

According to STATS SA 2003

# Chapter Two



# PERFORMANCE HIGHLIGHTS

## 2. ECONOMIC DEVELOPMENT AND PLANNING (NKPA - SOCIO-ECONOMIC DEVELOPMENT)

The Department is headed by the Acting Director Economic Development and Planning, business unit and is primarily responsible for the overall municipal **Strategic Development, Spatial Planning, Forward Planning, Human Settlement, Local Economic Development and Building Control**. It provides the key technical tools for the Municipality to cope with its new developmental role and assists the municipality to arrive at decisions on issues such as municipal budget, land management, promotion of local economic, sustainable human settlement and institutional transformation. It consists of the following divisions, viz:

- ✿ Spatial Planning
- ✿ Strategic Planning
- ✿ Building Control
- ✿ Local Economic Development
- ✿ Human Settlements (Housing)

### 2.1 PERFORMANCE HIGHLIGHTS FOR 2011/2012

#### 2.1.1 DEVELOPMENT ADMINISTRATION

This section accepts and processes development applications submitted in accordance with the Development Facilitation Act No 65 of 1995 within the Mandeni Municipal Area. The IDP Manager is appointed as a Designated Officer in terms of the DFA by the Premier to perform the following:

- ✿ Accepting, filing and maintaining records of applications.
- ✿ Obtaining dates for hearings.
- ✿ Advising the land development applicant of people to be notified.

- ✿ Linking the land development applicant with the tribunal registrar.
- ✿ Providing land development applicant with all comments, objections or representations received.
- ✿ Attending tribunal hearings and providing information.
- ✿ Investigating non-statutory developments.
- ✿ Applying to be replaced if necessary. Regulation 13(i)
- ✿ Generally liaising with parties to ensure efficiency.

#### 2.1.2.1 SPATIAL PLANNING

- ✿ Evaluating and providing comments in all statutory development applications in accordance with the municipal development objectives.
- ✿ Assessing statutory planning applications and writing of reports to Council to guide decision-making and provide professional perspective.
- ✿ Managing and advising developers and the community on key development processes and requirements.
- ✿ Participating in meetings/discussions and presenting strategic information to the Provincial Task Team on the proposed Macambini Multi-Billion Rand Development.
- ✿ Managing the key performance areas associated with the Municipal Development Planning functions.
- ✿ Responsible for the preparation and implementation of the Land Use Management System.

#### 2.1.3 STRATEGIC PLANNING

- ✿ Overall control and management of the IDP/Development Planning unit in terms of ensuring implementation and adherence to Council Policies.
- ✿ Responsible for the preparation, review and implementation of the Integrated Development Planning as per the legislative provisions

- ✿ Responsible for the execution of all administrative and managerial duties related to the effective functioning of the IDP & Development Planning Unit
- ✿ Providing advice and opinion to the Portfolio Committees, Executive Committee and Council in terms of National and Provincial Development Planning Legislations.
- ✿ Responsible for the preparation of reports and conducting presentation to Council as a means of disseminating, functional and operational information.
- ✿ Coordinating the process of public consultation and stakeholders on IDP
- ✿ Providing strategic direction and creating guidelines for effective functioning of the unit.
- ✿ Providing input/ technical assistance and advice to staff, including holding regular meetings.
- ✿ Representing the Unit at Departmental meetings and other meetings as necessary.
- ✿ Reviewing incoming correspondence/ issues to be dealt with; delegating to relevant staff and ensuring that correspondence is dealt with timeously so as to maintain good public relations and image.
- ✿ Keeping abreast of changing legislation and policies related to development planning, the environment and Geographic Information System (GIS).
- ✿ Maintaining lines of communication with managers of other Units regarding development issues.
- ✿ Preparing and conducting presentations of planning studies and Council policies to higher and other authorities.

#### 2.1.4 BUILDING CONTROL

- ✿ Evaluate and assess building plans submitted for approval in terms of the National Building regulations.
- ✿ Conduct routine site inspection to monitor buildings/ construction activities taking within the Municipal area of jurisdiction.



## CHAPTER 2: PERFORMANCE HIGHLIGHTS... continued

### 2.1.5 LOCAL ECONOMIC DEVELOPMENT

- ✿ Championing all the activities aimed at accelerating and or stimulating economic growth.
- ✿ Facilitating the coordination of effort from different stakeholders to grow the local economy .
- ✿ Ensuring that the local environment is conducive and enabling for investment to take place.

## 2.2 SUCCESS OF THE 2011/2012 IDP

### 2.2.1 SUCCESSES IN THE IMPLEMENTATION OF THE IDP

#### STRATEGIC PLANNING

Section 28 (1) of the Municipal Systems Act (32 of 2000) indicates that “each municipal council, within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting, adoption and review of its integrated development plan”. The strategic business unit has been able to initiate the holistic IDP review process plan that is inclusive and well aligned with the Organisational Performance Management System and Budget process for the 2011/2012 financial year. The primary responsibility of the Business Unit is champion the annual review of the Municipal IDP, this done through participatory process and consultation with line function departments, sector departments, traditional councils, community other interested and affected parties. The business unit has ensured that all activities are within the statutory time lines.

The public participation and community involvement has been a corner stone of the IDP review process for

the 2011/2012 financial year. In order to ensure certain minimum quality standards of the IDP Review process, and proper coordination between and within spheres of government, municipalities, the Municipality prepared and adopted the IDP Review Process Plans for 2011/2012. The IDP process plan provided appropriate mechanisms, processes and procedures for consultation and participation of local communities, organs of state, traditional authorities and other role players in the IDP review process. It should further be recorded that the Department of Economic Development ensured that the review, Tabling and Adoption of the IDP & Budget 2011/12 was done within the statutory timelines as contained in the Municipal Finance Management Act.

The draft IDP & Budget was adopted by Council on 24 March 2011 and submitted to MEC Cooperative Government and Traditional Affairs for assessment. It can be recorded that Mandeni Municipality was ranked number 35 and scored 57% for 2010/2011 financial year. During 2011/2012 the municipality scored 81.7% and was ranked number 12 in the province out of 61 Municipalities.

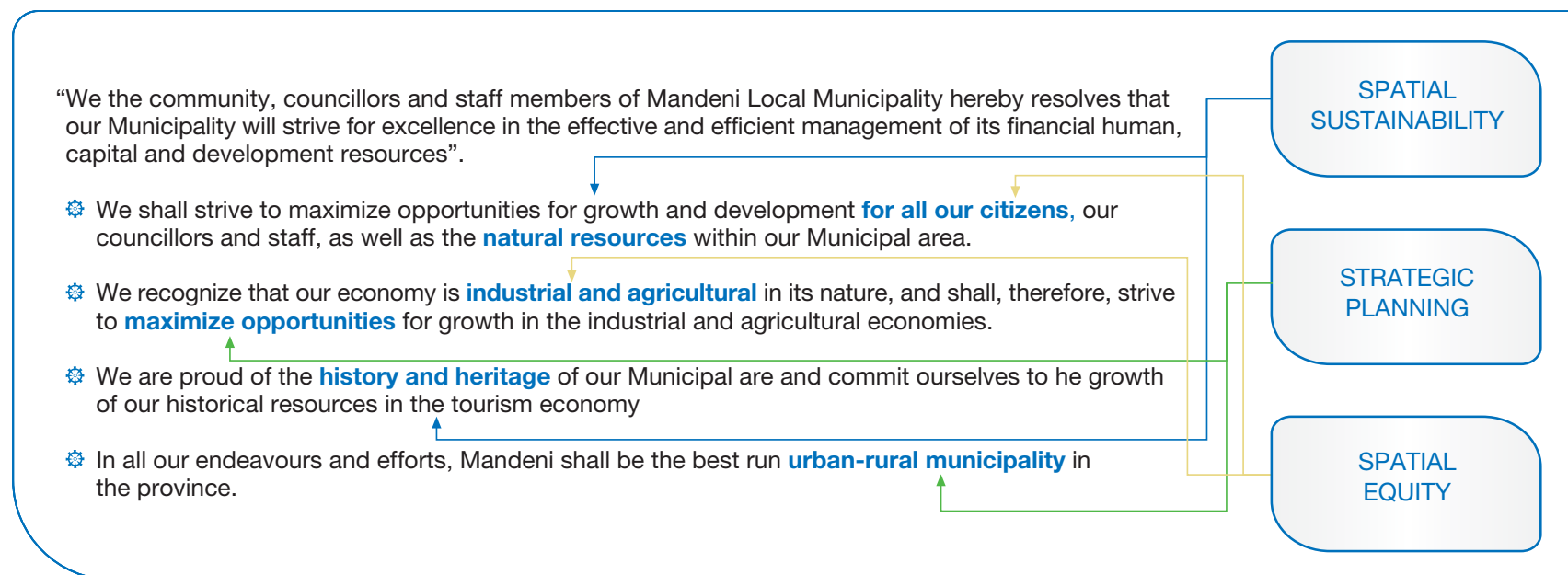
#### SPATIAL PLANNING

The Department received an application in terms of the Development Application Act, 1995 for the land situated on remainder of Lot Inyoni 13890. In execution of the duties the Department acknowledged the application within the statutory period as prescribed by the DFA. We further notified and advised the applicant through written correspondence about the date of the site inspection which was on the 25th January 2010 and the hearing date scheduled for 26th January 2011. It can be recorded that we successfully performed our development facilitation role and accordingly, Inyoni Housing Development was approved by the Tribunal.

Department of Economic Development and Planning in accordance with KwaZulu Natal Planning and Development Act 2008, was directly responsible for the formulation and adoption of the Powers & Delegations as set out in the Schedule notice in terms of section 156(1) of the KwaZulu-Natal Planning and Development Act, 2008 (Act No. 6 of 2008). The Delegation of powers of Mandeni Municipality was published in the Provincial Gazzete No. 161 dated 23 September 2010, the Gazzeting was done following the statutory process including calling for public comments.

#### MUNICIPAL SPATIAL DEVELOPMENT FRAMEWORK PLAN:

Section 26 (e) of the Municipal Systems Act (32 of 2000) indicates that an Integrated Development Plan (IDP) must reflect “a spatial development framework which must include the provision of basic guidelines for a land use management system for the municipality”. It is for this reason that Mandeni Municipality has reviewed its Spatial Development Framework Plan in the 2010/11 financial year. The SDF review was interweaved and aligned with the IDP review you process. The core spatial challenges of the Spatial Development Framework in the Mandeni Municipality context would be to ensure spatial equity, efficiency and sustainability. However, current practices does not always promote these concepts and it was therefore vital to identify in which manner current trends does not impact on the achievement of these responsibilities and the eventual realization of the Vision. This analysis will assist in identifying key spatial issues to be addressed.



Although the current spatial pattern is inefficient and expensive, one has to admit that it is a fixed spatial pattern. Therefore, the aim should not be to alter the existing spatial structure, but one should rather guide its future development towards a better, more efficient and more cost-effective urban structure. In short, one should start addressing the weaknesses of the spatial structure through the planning and development of its future growth. Five strategies were adopted to achieve this:

#### STRATEGY 1: URBAN INTEGRATION

One should move away from the fragmented and sprawling urban structure existing within the areas of Sundumbili. Consolidating all the existing outlying settlements with each other and the business core area should achieve this. This can be done by filling in the unpopulated areas between these settlements with the future growth of these settlements. By doing this, the settlements will join together and towards the business

core area, forming consolidated urban areas. Such an integrated urban structure will form the bases for providing cost-effective municipal services and public transportation infrastructure. It should however be noted that the position of the relatively large industrial area of Isithebe, this integration path will need to stretch fairly wide towards Nyoni.

#### STRATEGY 2: BULK INFRASTRUCTURE DEVELOPMENT

Providing bulk infrastructure can be an important tool to achieve the above-mentioned spatial pattern and will, in turn, result in cost savings when developing the bulk infrastructure. All future bulk infrastructure should be developed within the urban areas described above; because where bulk infrastructure is developed, urban development will follow. In this manner, bulk services will force future urban development into a more rational and desirable urban pattern. At the same time, the location, implementation and functioning on the bulk services network will be rationalised.

#### STRATEGY 3: EQUITABLE ACCESS TO SOCIAL SERVICES

As was mentioned, the settlements located on the outskirts of the Municipal Area are located far from the social services provided in the Mandeni core area. This result is high public transportation cost for the poor living in these areas to access these services. It is imperative that a number of these social services be provided in these outlying settlements through the development of Service Delivery Centres. A hierarchy of such SDCs, containing facilities such as clinics and community centres, will place these facilities closer to these settlements, thus making them more accessible and achieving greater urban integration.

#### STRATEGY 4: LAND USE AND TRANSPORTATION INTEGRATION

In South Africa, public transportation costs make up a large proportion of household incomes, a cost that is augmented by the sprawling nature of our cities. Land

## CHAPTER 2: PERFORMANCE HIGHLIGHTS ...continued

use development and public transportation are therefore interlinked and affect each other greatly. Urban corridors create the optimal land use structure for the cost-effective operation of public transport systems. Public transportation works most effectively in a linear pattern, as opposed to winding its way through a widespread urban area. Such a linear land use pattern also benefits commuters, because it implies that residential settlements hug the corridor road or railway line, placing commuters within short walking distances of such public transportation termini.

**STRATEGY 5:**  
**PROTECTION OF AGRICULTURE AND OPEN SPACE**  
A way to integrate urban areas is to deliberately protect high-potential agricultural areas and ecologically sensitive natural open spaces. By rigorously protecting such areas, urban areas are prohibited to sprawl freely and are therefore forced into denser urban agglomerations. Therefore, such an approach not only protects agriculture and the environment, but also helps create a more rational, cost-effective and manageable urban structure.

### SPATIAL INTERVENTION AREAS

As a broad implementation and structure to the SDF, four spatial intervention zones were identified in key localities for responses outlining appropriate interventions according to the following zones:

- ❁ **Intervention Zone One : Accelerate Growth**  
This zone is viewed as the Main Economic Growth Area for prioritised development spending and includes the settlements of Mandeni / Sundumbili as well as isiThebe

- ❁ **Intervention Zone Two: Share Growth**  
This zone includes Social Inclusion Areas representing areas for investment in people rather than in places. Settlements within this zone includes, Ndulinde, eNenembe, Nyoni, Hlomendlini Newark and peripheral areas in the periphery of Sundumbili.

- ❁ **Intervention Zone Three: Stimulate Growth**  
This zone intend to stimulate and kick start New Potential Growth Nodes. Included in this zone are Tugela Mouth (Areas in the North Bank of the Tugela river), Cranburn Farm and Wangu.

- ❁ **Intervention Zone Four: Environmentally Sensitive Zones**  
This zone includes registered conservation areas as well as identified sensitive areas. This zone includes the Amatikulu Nature Reserve as well as the coastal zone and ecologically sensitive areas identified within the Siyaya Coastal Development Framework.

### SUNDUMBILI MANDENI URBAN REGENERATION PROJECT:

The Mandeni / Sundumbili Town Centre is the only business area of note in the Mandeni Municipality and serves the population of the Municipality as a whole. It is therefore important to understand the socio-economic conditions in the municipality as it will have a direct impact on future economic development activity in the Town Centre. It was for this reason that we embarked on preparation of the Sundumbili Mandeni Urban Regeneration program. The fact that the majority of the population currently served by the Mandeni / Sundumbili Town Centre is unemployed and extremely poor must be considered in the future planning for commercial and social services development in area. The primary focus of this planning exercise must be creating job

opportunities, providing easy access to commercial and social services and in general improving the quality of life of residents of the Mandeni Municipality and surrounding areas.

The primary objectives of preparing the Urban Regeneration Framework was to create a planning framework that will guide the following:

- ❁ **Positioning Mandeni Town Centre** within the context of the sub-region and establishing an understanding of the study area, including its opportunities and constraints;
- ❁ **Accommodating activities** in a manner which enhances its present/future use as a symbolic and functional town centre within the wider municipal setting;
- ❁ Establishing mixed and **diverse land uses** which include adequate consideration of existing uses as well as the broader stakeholder needs and concerns;
- ❁ Promoting the **integrated civic and development function** of the town centre and enhancing place making opportunity;
- ❁ Ensuring the facilitation of **local economic development** through appropriate design;
- ❁ Promoting the clustering of facilities in a manner which ensures the **efficient use of public funds** and that allows for systematic private sector investment required to generate thresholds and patterns of activity necessary to support local economic development;
- ❁ Addressing the **functional and physical integration** of the town centre into the surrounding initiatives;
- ❁ Contributing to the creation of a viable **mixed use environment**;



- ✿ Promoting a planning approach that is **ecologically and environmentally sensitive**;
- ✿ **Addressing existing needs** in a flexible manner avoiding mitigating longer-term objectives.

This is one of the major projects that was identified in the Municipal IDP 2006-2011 and has a number of sub-projects and projects that are implemented over a medium term expenditure framework. It can therefore be recorded that the Department of Economic Development has been involved in the project since its conception and is playing a critical role in advancing the community development aspirations and providing Town Planning input. It can therefore be recorded that as this is a multi-year project an annual basis one which will continuously contribute to the project realisation. The Mandeni Sundumbili Regeneration Project is largely funded through Neighbourhood Development Partnership Grant from National Treasury to the tune of R7,6 million for technical assistance and R 125 million for capital projects. The following “quick win” projects were implemented in the 2010/11 financial year:

- ✿ Upgrading and Improvement of Thokoza Road
- ✿ Upgrading and Improvement of Sibusiwe Community Hall
- ✿ Revival of the Sport & Recreational Facility
- ✿ Establishment of Informal traders Facilities
- ✿ Formalisation of the Town Centre

#### ENVIRONMENTAL MANAGEMENT FRAMEWORK

As part of speeding up services delivery in a sustainable manner the Department of Economic Development and Planning embarked on the process of formulating the Environmental Management Framework for the Primary Development Areas within the Mandeni Local Municipality.

This process was initiated in the 2010/11 financial year where procurement processes were initiated, however the project was delayed due to the Department of Agriculture, Environment, Fisheries advice that EMF Regulation were developed by the Department and will have a direct bearing to the project. It was therefore resolved that the project is delayed and the implementation be rolled over to the 2011/12 financial year.

#### LOCAL ECONOMIC DEVELOPMENT

The Department of Economic Development and Planning has played a pivotal role in the implementation of the projects funded by the Department of Co-operative Government and Traditional Affairs through Corridor Grant Funding. Although this project were implemented by Ilembe District Municipal, because they are within the Municipal area of jurisdiction, we are supposed to be actively involved in the project. The following is the summation of the projects:

- ✿ **Mathonsi Agri Tunnel** is a hydroponics crop production project growing tomatoes and is linked by Enterprise Ilembe with markets such as Spar & Checkers. It can be recorded that the project is managed by regional Economic Development Agency, Enterprise Ilembe and it has created 25 job opportunities for the local community.
- ✿ **Isikhonyana Vineyards Project** this project entails the plantation of vineyards that will produce wine within the region. It can be recorded that approximately 13 job opportunities has been created for the local community.
- ✿ **Biodiesel Plant** this project entails the commissioning and establishment of the Biodiesel Plant that will be used to process biofuels into energy.

The project site identified is at Isithebe Industrial Estate. It can be recorded that at this stage land leasing agreements are currently negotiated with Ithala.

**Application to be proclaimed as a Business Licensing Authority** in accordance with the Business Act no 71 of 1991, any businesses operating in South Africa must have a trading/business License. The business licensing functions and duties are the legislative mandate assigned to the Local Authorities (local Municipalities) as per the Business Act. The Business Act no 71 of 1991 provides for Municipality to lodge an application with the MEC Economic Development and Tourism to be proclaimed as licensing authority. Mandeni Municipality has never applied nor performed their legislative duties relating to business licensing within its area of jurisdiction. The Department applied to the MEC to be proclaimed as Business Licensing Authority and such application was accepted by the MEC pending the Gazzeting of such decision. It is the intention of the Business Unit to organize consultative meetings with all local businesses; supermarkets, informal traders, butchers, taverns and liquor stores in order to advise them of the new developments and the implications thereof.

**Training of the SMME's** project is the initiative aimed at supporting small business by providing them with training that will assist them improve their capacity. The project is funded through partnership with Nedbank and Umfolozi FET College. A total of fifty 50 local small businesses were identified throughout municipal area and were divided into two groups. The first Group started attending training in January 2011; the training offered by Umfolozi FET College covers six modules.

## CHAPTER 2: PERFORMANCE HIGHLIGHTS ...continued

The following is the summation of the learning areas covered.

Title And Outcomes	Hours
<b>IDENTIFY AND DEMONSTRATE ENTREPRENEURIAL IDEAS AND OPPORTUNITIES</b>	<b>7 Credits</b>
1. Describing and discussing Entrepreneurship	
2. Identifying own entrepreneurial strengths and weakness	
3. Identifying the characteristics of a typical entrepreneur	
4. Identifying entrepreneurial opportunities in own context	
5. Compiling entrepreneurial goal and personal growth	
<b>DETERMINE THE FINANCIAL NEEDS OF A NEW VENTURE</b>	<b>8 Credits</b>
1. Determining the cash flow requirements for a new venture	
2. Determine the income and expenditure of a new venture	
3. Implementing pricing and costing principles	
4. Identifying the resources to obtain start up capital	
<b>PREPARE AND PROCESS DOCUMENTS FOR FINANCIAL AND BANKING PROCESS</b>	<b>5 Credits</b>
1. Explaining the petty cash and banking procedure	
2. Process petty cash and banking transactions	
3. Demonstrate and understanding of petty cash handling and banking procedures	
4. Monitor petty cash transactions and banking	
5. Controlling petty cash and banking	

The following is the summation of the learning areas covered.

Title And Outcomes	Hours
<b>Manage finances for a new venture</b>	<b>10 Credits</b>
1. Explain financial controls for managing a business	
2. Identifying and applying accounting practices and procedure	
3. Managing Business accounts and maintaining business records	
4. Utilizing financial statements to identify business progress	
<b>Manage marketing and selling process of a new venture</b>	<b>7 Credits</b>
1. Implementing a marketing plan	
2. Negotiating a deal with a customer	
3. Outlining processes and principles for completing a basic quote	
4. Outlining processes for completing tender documents	

#### HUMAN SETTLEMENT:

The Department of Economic Development and Planning has champion the packaging of housing application for funding by the Department of Human Settlement. It is with pleasure to report that in the 2010/11 financial year we have been able to obtain funding approval from the Department for the following projects:

- ⚙ Inyoni Integrated Human Settlement (Funding approved for installation of services)
- ⚙ Isikhonyana Rural Housing (Funding approval obtained for construction of houses)
- ⚙ Masomonce Rural Housing (Funding approval obtained for construction of houses)
- ⚙ Macambini Extension 2 (Funding approval obtained for Detailed Planning)
- ⚙ Isithebe Integrated Human Settlement (Funding Approval obtained for preliminary planning)

## CHAPTER 2: PERFORMANCE HIGHLIGHTS ...continued

The Department was also involved the management of the projects that are under construction and the following provides the summary of the housing projects within the Municipal area;

Project Name	No. of sites approved	Subsidy Type	Ward	Funding as Approved by DoHS / Status	Progress to date
Projects as approved by department of human settlements					
Hlomendlini Housing Project Ph 1	1000	PLS / Urban	4	Funding Approved. House construction complete.	1000 Housing Units & VIP Toilets completed
Hlomendlini Housing Project Phase 2	1000	PLS / Urban	4	Funding Approved	884 Houses and VIP toilets completed
Macambini Extension 1 Phase 2	1100	Rural	1, 2, 8, 9	Funding Approved for construction.	974 Houses and VIP toilets completed
Macambini Extension 2	2000	Rural	1, 2, 3, 8 & 9	Funding for stage 1 approved for 2000	Sales and administration (Beneficiary Registration) is currently underway
Kwamathonsi/Sundumbili Housing Project	1000	Rural	12	Funding Approved.	996 Houses and 500 VIP completed
KwaMathonsi Rural Housing Project	1000	Rural	5	Funding Approved.	900 Houses and VIP completed
Masomonce	500	Rural (Ward 10)	10, 7	Ward 10 - Funding for house and VIP construction to be approved.	278 Houses completed
Mandafarm	500	Urban	7	Approval for stage will only be granted once Ingonyama Trust Board has issued the Development Rights Agreement permitting the establishment of a formal township.	Lobbying Ingonyama Trust Board to approve the establishment of the formal township in ward 7 area.
Sikhonyane	1000	Rural	6,11	Funding Approved for construction of 1000 units and VIP toilets.	Cutting of platforms is currently underway
Nyoni Slums Clearance Project	2741	PLS / Urban	10	Funding Approved for installation of services (Water, Roads Electricity and Slabs).	Procurement process initiated for the appointment of service providers
Isithebe Housing	3000	Rural & PLS Urban	11,16,& 17	Funding for preliminary investigation and planning approved	





## CHAPTER 2: PERFORMANCE HIGHLIGHTS ...continued

### 2.3 PERFORMANCE AGAINST STRATEGIC OBJECTIVES - SDBIP

National KPA		Democracy And Governance							
KPA	Strategic/ Idp Objective	KPI	Targets	Budget	2010/2011		2011/2012		Status & Comments
					Targets	Actual	Targets	Actual	
IDP	To improve spatial structure and definition of urban functions within the Municipal area and to improve access to opportunities;	Adoption of the framework by Council	Revitalisation of the Mandeni Town CBD (Urban Regeneration Strategy). To designate desirable land use framework and provide clarity on what may or may not occur within the CBD		Three quick win business plan prepared and submitted to National Treasury	Three quick win projects	50% progress towards the towns establishment process	40% progress made to towards the township establishment process	
	To uphold compliance with the Legislative Mandate and ensure effective involvement of local people in matters of the Council	Adoption of IDP by Council	Reviewed and adopted IDP for 2011/12		Reviewed Municipal IDP& Budget was adopted by Council in its meeting held on the 27 May	Tabling and adoption of the draft IDP 2011/2012	Draft IDP tabled for adoption by Council	IDP adopted on the on the 26 May 2011	

## BUDGET EXPENDITURE

The overall budget for Economic Development and Planning Department for 2011/2012 was R4 865 046 and R1 175 404 was spent which translates to 75% under expenditure.

## JOB CREATED AS PART OF THE CAPITAL BUDGET

The following table present the summary of jobs created as part of the Municipal capital project

Labour Schedule Summary - Led Projects								
Project Name	Month Started	Month	Adult		Youth		Total Labour	PD
			M	F	M	F		
Sibusisiwe Community Centre	2010/09/01	Jul-11					8	102
		Aug-11					10	147
		Sep-11					7	124
		Oct-11					10	243
		Nov-11					9	178
		Dec-11					8	71
		Jan-12					8	160
Thokoza Road	2011/02/01	Jul-11	24	0	22	3	49	1184
		Aug-11	24	0	22	3	49	796
		Sep-11	24	0	18	3	45	1169
		Oct-11	24	0	21	3	48	890
Sundumbili Roads Phase 6	2012/02/01	Feb-12	4	0	8	0	12	128
		Mar-12	4	0	8	0	12	210
		April-12	4	0	12	1	17	155
		May-12	4	0	12	3	19	382
		Jun-12	4	0	17	3	24	439

## CHAPTER 2: PERFORMANCE HIGHLIGHTS ...continued

Labour Schedule Summary - Led Projects

Project Name	Month Started	Month	Adult		Youth		Total Labour	PD
			M	F	M	F		
Sundumbili Roads Phase 6	2011/05/01	Jul-11	9	4	6	4	23	538
		Aug-11	10	5	9	4	28	486
		Sep-11	9	5	9	4	27	651
		Oct-11	8	5	9	4	26	524
		Nov-11	8	5	9	4	26	350
Informal Trader Stores	2011/03/01	Jul-11					6	128
Mandini Internal Roads	Nov-11	Nov-11	5	2	8	2	17	126
		Dec-11	8	3	14	5	30	321
		Jan-12	17	3	18	5	43	517
		Feb-12	17	3	19	4	43	617
		Mar-12	12	2	9	2	25	360
Nyoni Taxi Route Phase 1	Nov-11	Nov-11	1	0	3	0	4	31
		Dec-11	1	0	3	0	4	31
		Jan-12	6	1	5	4	16	16
		Feb-12	3	0	0	2	5	105
		Mar-12	3	0	0	2	5	90
		Apr-12	3	0	1	2	6	120
		May-12	3	0	1	2	6	120
		Jun-12	3	0	1	2	6	126



### Labour Schedule Summary - Led Projects

Project Name	Month Started	Month	Adult		Youth		Total Labour	PD
			M	F	M	F		
Zibambebe - Maintenance	Jul-11	Jul-11	28	84	21	26	159	1263
		Aug-11	28	84	21	26	159	1260
		Sep-11	28	84	22	26	160	1253
		Oct-11	28	84	22	26	160	1243
		Nov-11	28	84	22	26	160	1243
		Dec-11	26	86	20	27	159	1253
		Jan-12	26	86	20	27	159	1230
		Feb-12	27	84	19	26	126	1211
		Mar-12	27	84	16	25	152	1182
		Apr-12	28	86	15	26	155	1204
		May-12					156	1210
		Jun-12					155	1221
TOTAL			101	50	163	153		
Grandtotal							2571	26408

## CHAPTER 2: PERFORMANCE HIGHLIGHTS ...continued

### 2.4 IMPROVEMENT PLANS / CORRECTIVE MEASURES

#### 2.4.1 CHALLENGES FOR 2011/2012

- ❖ Inadequate human capacity is the biggest challenge faced by the Economic & Development Planning Unit. This is a newly established strategic business unit established as part of the organizational structure review. Backlogs in services delivery (Infrastructure Development) are also a problem the main areas being water, electricity and roads.
- ❖ The lack of more accurate base-line information makes it difficult to plan and set targets. The 2002 Statistics South Africa report appears to have

discrepancy and does not reflect the true picture in terms of the demographics.

- ❖ It has proved to be a challenge to get Sector Department and Service Providers to respond priorities & development issues contained in the Municipal IDP, a typical example is Department of Energy & Eskom despite all the engagement we seen minimal intervention.
- ❖ The current Human Settlement Policies uses land ownership as a main determining factor on what subsidy mechanism will be used to address human settlement backlogs, this has created a situation where it is extremely challenging to formalise informal settlements that are situated within Ingonyama Trust owned land. The Ingonyama Trust Board is not keen

to permit formal township establishment in their areas in order to allow the Department of Human Settlement to use project linked subsidy PLS.

#### 2.4.2 PRIORITIES FOR IDP 2011/2012

- ❖ To advance the implementation of the Urban Regeneration Programme
- ❖ Filling of critical positions such as Director, Economic to head the Department
- ❖ To strengthen the effective engagement with sector Department and Service Provider.
- ❖ To advance the implementation of the municipal IDP.
- ❖ To continue encouraging the involvement of local communities in the matters of the Municipality.

### 2.5 BACKLOGS IN SERVICE DELIVERY

Sector	Population	HOUSEHOLD	2009/2010	2010/2011	2011/2012	Total Backlog
Water	131,830	37,798	23,461	23,461		
Sanitation	131,830	37,798	9,841	9,841		
Refuse	131,830	37,798	6719	8742		
Electricity	131,830	37,798	11180	11180		
Housing	131,830	37,798	18891	18891		

The above services are rendered by the different institutions / authorities or sectors such as Ilembe District Municipality for water and sanitation, ESKOM for electricity, Department of Human Settlements for housing and refuse being the responsibility of Mandeni Municipality. They all have on top of their agenda the minimization of these backlogs after they were engaged by Mandeni Municipality during the previous IDP reviews. It should be noted that as part of the Municipal Turn Around Strategy we have set ourselves a target to meet with various services authorities quarterly. These meetings provide a platform for the Municipality to communicate the needs of the community in relation to different services.



## CHAPTER 2: PERFORMANCE HIGHLIGHTS ...continued

### Service Delivery And Budget Implementation Plan 2011/2012 - Economic Development And Planning

National KPA	Local Priority	IDP Objective (Annexure A: Strategic Framework Matrix, Page 31)	Status	Municipal Strategies	Baseline indicator	Key Performance Indicator	Annual Target	Budget	Vote Number	Quarter ending 30 September 2011		
										Projected	Actual	
Basic service Delivery	IDP	To improve maintenance of existing infrastructure and speed up provision of new infrastructure	Core	Continually review IDP - after consultation with line function departments, sector departments, community other interested and affected parties	Approved IDP that is used as a planning tool	Progress towards the Preparation and adoption of the IDP process plan 2012/13 by end of first quarter	Appropriate council resolution to approve the reviewed IDP well aligned with the budget			Adopted IDP process plan & submission to the Department of Local Government	Target achieved the IDP, Budget, OPMS process plan was adopted by Municipal Council on its meeting held September 2011	
	SDF	To improve spatial structure and definition of urban functions within the Municipal area and to improve access to opportunities	Core	Coordination of & continuously review spatial development framework to give long term strategic direction for private and public investment	Reviewed Spatial Development Framework Plan tabled before Council	Progress towards the council approval of the reviewed SDF LA 80	Appropriate Council Resolution Adopting Reviewed SDF LA 80			One on one stakeholder consultation, submission to cotta and final adoption by council		
	LUMS		Core	Preparation & implementation of the Land Use Management Systems	Preparation & implementation of the Land Use Management Systems	Progress towards approval of Land Use Management System applied to all Municipal areas within the Municipality	Appropriate Council resolution approving a single Land Use Management System that is applicable through out the Municipal area			Statutory compliance and submission to all relevant authorities for approval		



### Service Delivery And Budget Implementation Plan 2011/2012 - Economic Development And Planning

	Quarter ending 31 December 2011		Quarter ending 31 March 2012		Quarter ending 30 June 2012		Explanation of variance/ comments	Corrective measures	Responsibility			Locality
	Projected	Actual	Projected	Actual	Projected	Actual			Dept	Section	Individual	
	N/A		Tabling & Adoption of the Draft IDP & Budget 2011/12	Target achieved the Municipal IDP & Budget was adopted by Council on the 22nd March 2012	Appropriate Council Resolution adopting final IDP & Budget	IDP adopted by Council on the 31st May 2012			Economic Development and Planning			
	N/A	N/A	N/A	N/A	N/A	N/A			Economic Development and Planning			
	Public Consultation & Statutory Advertisements	Target not achieved awaiting response on the submissions made to National Department of Agriculture to review their decision.	Submission to COGTA by December 2011	The target was not achieved	Council Resolution Approving Single Mandeni Town Planning Scheme	The target was not achieved	National Department of Agriculture and Environment & Rural Development turn down the statutory application to extend the Scheme in terms of the Act 70 of 70		Economic Development and Planning			Wall to Wall Scheme (Entire Municipal Area)

## CHAPTER 2: PERFORMANCE HIGHLIGHTS ...continued

### Service Delivery And Budget Implementation Plan 2011/2012 - Economic Development And Planning

National KPA	Local Priority	IDP Objective (Annexure A: Strategic Framework Matrix, Page 31)	Status	Municipal Strategies	Baseline indicator	Key Performance Indicator	Annual Target	Budget	Vote Number	Quarter ending 30 September 2011		
										Projected	Actual	
Basic service delivery	Sundumbili/ Mandeni Urban Regeneration Programme	To improve spatial structure and definition of urban functions within the Municipal area and to improve access to opportunities	Core	Revitalisation of the Mandeni Town CBB ( Urban Regeneration Strategy). To designate desirable land use framework and provide clarity on what may or may not occur within the CBD	Approved Urban Regeneration Master Plan & Implementation Plan to guide capital investment and future development within the Town Centre	% Progress towards the township establishment process	50% progress towards the towns establishment process			10%	20% progress made towards the township establishment	
	Housing	Facilitating and monitoring the implementation of housing project through site visit and meetings with all stakeholders	Core	Continuous engagement of the department of Human Settlements to fast track the delivery and completion of the existing low cost housing projects	Through housing technical meetings		10			2		
						Number of progress reports submitted to the EDPC	10			2	3 Housing progress reports submitted to Economic Development Planning and Human Settlement Committee	

### Service Delivery And Budget Implementation Plan 2011/2012 - Economic Development And Planning

	Quarter ending 31 December 2011		Quarter ending 31 March 2012		Quarter ending 30 June 2012		Explanation of variance/ comments	Corrective measures	Responsibility			
	Projected	Actual	Projected	Actual	Projected	Actual			Dept	Section	Individual	
	15%	15% Target Achieved (Public Consultation Process on EIA commenced )	40%	Target achieved consultative meeting held with stakeholders to discuss the Intersection.	50%	50%			Economic Development and Planning			Ward 7 Central Bussines District
	3	3 Housing Technical meetings held	3	The target was achieved 3 Housing Technical meetings were held	2	2			Economic Development and Planning			
	3	Target Achieved 3 progress report submitted to the Portfolio Committee	Submission to COGTA by December 2011	3	2	2			Economic Development and Planning			

## CHAPTER 2: PERFORMANCE HIGHLIGHTS ...continued

### Service Delivery And Budget Implementation Plan 2011/2012 - Economic Development And Planning

National KPA	Local Priority	IDP Objective (Annexure A: Strategic Framework Matrix, Page 31)	Status	Municipal Strategies	Baseline indicator	Key Performance Indicator	Annual Target	Budget	Vote Number	Quarter ending 30 September 2011		
										Projected	Actual	
Basic service delivery	Housing	Facilitating and monitoring the implementation of housing project through site visit and meetings with all stakeholders	Core	Continuous engagement of the department of Human Settlements to fast track the delivery and completion of the existing low cost housing projects	Through housing technical meetings	Number of housing project approved for tranche 2 (Construction)	4			2	2	Thorny park housing funding for purchasing land approved Macambini Rural Housing approved for stage 2
						Number of houses built within the municipal area	1200			200		350 houses has been completed in the first quarter
	Planning and Development Control	To ensure that all development in the area is carried out in a safe and harmonious manner	Core	Respond to development applications timeously, i.e. Building Plans approvals, town planning queries approvals and building inspections	Respond to all queries within 2 days Approve building plans once all conditions are satisfied within 1 month	Timeous response to queries from customers within allowable timeframe's	48 hrs			48 hrs		Target achieved we have made it a service standard to respond to all development enquiries within 48hr
		To provide a development administrations control and spatial planning Control service to the community & potential developers	Core	Respond to development applications timeously, i.e. Building Plans approvals, town planning queries approvals and building inspections	Respond to all queries within 2 days	Timeous response to queries from customers	Acknowledge receipt of the formal application and advise the applicant of additional information require within 7 working days			Acknowledge receipt of the formal application and advise the applicant of additional information require within 7 working days		



### Service Delivery And Budget Implementation Plan 2011/2012 - Economic Development And Planning

	Quarter ending 31 December 2011		Quarter ending 31 March 2012		Quarter ending 30 June 2012		Explanation of variance/ comments	Corrective measures	Responsibility			
	Projected	Actual	Projected	Actual	Projected	Actual			Dept	Section	Individual	
	2	Advancement of the Manafarm Housing Project (Public Meeting held on the 14th November 2011, Held Meeting with Ingonyama Trust.)	N/A	N/A	N/A	N/A			Economic Development and Planning			Ward 7
	300	Target not achieved	400	Target not achieved 396 houses completed at Masomonco	300	350			Economic Development and Planning			Ward 10 & 6
	48 hrs	Target achieved responded to all enquiries within 48hr	48 hrs	Target achieved responded to all development enquiry within 48hours	48 hrs	48 hrs			Economic Development and Planning			
	Acknowledge receipt of the formal application and advise the applicant of additional information required within 7 working days	No application received	Acknowledge receipt of the formal application and advise the applicant of additional information required within 7 working days	Target achieved responded within 7 days to all received Subdivision application and Special consent application	Acknowledge receipt of the formal application and advise the applicant of additional information required within 7 working days	Target achieved			Economic Development and Planning			

## CHAPTER 2: PERFORMANCE HIGHLIGHTS ...continued

### Service Delivery And Budget Implementation Plan 2011/2012 - Economic Development And Planning

National KPA	Local Priority	IDP Objective (Annexure A: Strategic Framework Matrix, Page 31)	Status	Municipal Strategies	Baseline indicator	Key Performance Indicator	Annual Target	Budget	Vote Number	Quarter ending 30 September 2011		
										Projected	Actual	
<b>GOOD GOVERNANCE AND DEMOCRACY</b>	IDP PP consultations	To be transparent and democratic and compliant	Core	Clustering of IDP Public Participation meetings at ward, representative forum and target groups meetings i.e. Church		Number of Ward based stakeholders consultation and Public Participation Meetings	5 cluster meetings	on the		Four cluster Meetings		
						Number of IDP Imbizo/ Roadshow	2 Izimbizo			N/A		
						Number of IDP Representative meeting inclusive of all interested and affected stakeholders	4 IDP Forum meetings			1 IDP Representative Forum meeting	Target not achieved	
			Core			Number of IDP Technical Committee Meeting	12 meetings			3 IDP Technical Committee meetings	3 IDP progress report serving as a standard item to Management committed	
						IDP Booklet as a means to consult with the community	500			N/A		

### Service Delivery And Budget Implementation Plan 2011/2012 - Economic Development And Planning

	Quarter ending 31 December 2011		Quarter ending 31 March 2012		Quarter ending 30 June 2012		Explanation of variance/ comments	Corrective measures	Responsibility			
	Projected	Actual	Projected	Actual	Projected	Actual			Dept	Section	Individual	
	Hlomendlini & Tugela meetings	The Meeting was cancelled due to poor attendance resulting from bad weather.							Economic Development and Planning			
	1 IDP Mayoral Imbizo Meeting	Target not achieved	1 IDP Imbizo general public	Not Achieved	N/A	N/A			Economic Development and Planning			Ward 10 & 6
	1 IDP Representative Forum meeting	Target not achieved due to three ward based meetings that never sat as per the schedule (Ward 5 & 12, Ward 11 and Ward 4)	Two IDP representative meetings	The target achieved an IDP Representative meeting held at Sibusiwe hall on 16th March 2012	N/A	N/A			Economic Development and Planning			
	3 IDP Technical Committee meetings	3 IDP progress report serving as a standard item to Management committee	3 IDP Technical Committee meetings	The target was achieved, IDP served as a standard item in all Monthly Manco meetings	3 IDP Technical Committee meetings	3 Meetings achieved			Economic Development and Planning			
	N/A	N/A	N/A	N/A	500 IDP booklets	0 IDP booklets			Economic Development and Planning			

## CHAPTER 2: PERFORMANCE HIGHLIGHTS ...continued

### Service Delivery And Budget Implementation Plan 2011/2012 - Economic Development And Planning

National KPA	Local Priority	IDP Objective (Annexure A: Strategic Framework Matrix, Page 31)	Status	Municipal Strategies	Baseline indicator	Key Performance Indicator	Annual Target	Budget	Vote Number	Quarter ending 30 September 2011		
										Projected	Actual	
<b>GOOD GOVERNANCE AND DEMOCRACY</b>	IDP PP consultations	To be transparent and democratic and compliant	Core			Number of Ward Committees consultation Meeting	4 Ward Committee meetings			One meeting with the ward committees	The target achieved one meeting held with ward committees on 14 October 2011	
	PSC for IDP PROJECTS		Core	Effective public consultation and involvement of local people in all matters of Municipality								
<b>LOCAL ECONOMIC DEVELOPMENT</b>	LED	To establish economic growth and development on all economic sectors with a particular emphasis on tourism, manufacturing, agriculture and services.	Core	Fastrack development of the town in a sustainable way Social, Economical & Environmental	Maximum usage of local labour on all capital projects & Empowerment opportunities	No jobs created on projects and entrepreneurs through social compact agreements	1			10	3 IDP progress report serving as a standard item to Management committee	
						Jobs created through the municipality's Capital Projects	1000 jobs opportunity created through capital projects			250	400 jobs created as part of the capital projects	
				Use of Agriculture crop plantation as a means to fight poverty and provide food security to rural community	One major crop plantation project per Traditional authority Area						Open farms community project concept submitted and approved by the EDP	

### Service Delivery And Budget Implementation Plan 2011/2012 - Economic Development And Planning

	Quarter ending 31 December 2011		Quarter ending 31 March 2012		Quarter ending 30 June 2012		Explanation of variance/ comments	Corrective measures	Responsibility			
	Projected	Actual	Projected	Actual	Projected	Actual			Dept	Section	Individual	
	One meeting with the ward committees	Target not achieved	One meetings with the ward committees	One meeting held with ward committees	One meetings with the ward committees	1 meeting			Economic Development and Planning			
									Economic Development and Planning			
	3 IDP Technical Committee meetings	3 IDP progress report serving as a standard item to Management committee	10	Target exceeded 30 people appointed at Social Development construction of offices	10	30			Economic Development and Planning			
	250	Masomonco Rural Housing 151	N/A	N/A	500 IDP booklets	0 IDP booklets			Economic Development and Planning			
	Open farms community project concept submitted and approved by the EDP	Open farm community based project initiated at z Ward 2										



## CHAPTER 2: PERFORMANCE HIGHLIGHTS ...continued

### Service Delivery And Budget Implementation Plan 2011/2012 - Economic Development And Planning

National KPA	Local Priority	IDP Objective (Annexure A: Strategic Framework Matrix, Page 31)	Status	Municipal Strategies	Baseline indicator	Key Performance Indicator	Annual Target	Budget	Vote Number	Quarter ending 30 September 2011		
										Projected	Actual	
LOCAL ECONOMIC DEVELOPMENT	LED	To establish economic growth and development on all economic sectors with a particular emphasis on tourism, manufacturing, agriculture and services.	Core	Partnering with various stakeholders to explore and expand economic growth opportunities in Mandeni	-	Number of Partnership Programmes aimed at economic growth	5			2	Partnership with Zululand Qaury on open farms and bursary for two students	
	TOURISM		Core	Facilitate the establishment of the beach recreational facilities to support tourism	To establish a Tourism Forum with the relevant stakeholders e.g. B&B owners, Game Reserves and Hotels	Progress towards the establishment of the Tourism Forum	Functioning Tourism forum by December 2011			Inviting stakeholders and formulation and adoption of TOR's for Tourism Forum	Terms of Reference formulated and adopted by the EDP	
INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION		To build capacity, perform powers and functions to be able to deliver services as per mandate	Core	Prepare a business plan sourcing funding for development planning capacity building	Appointment of staff and establishment of the fully fledged Economic Development Planning Unit	Number of filled vacancies	2			Director Economic Development and Planning, Junior Planner, Executive Secretary and Administration Clerk	Target not achieved	

### Service Delivery And Budget Implementation Plan 2011/2012 - Economic Development And Planning

	Quarter ending 31 December 2011		Quarter ending 31 March 2012		Quarter ending 30 June 2012		Explanation of variance/ comments	Corrective measures	Responsibility			
	Projected	Actual	Projected	Actual	Projected	Actual			Dept	Section	Individual	
	2	No partnership achieved in the third quarter	-		2	1			Economic Development and Planning			
First meeting		Target achieved first meetings held	N/A		N/A	N/A			Economic Development and Planning			
Appointment of the Director Economic Development and Planning		Target not achieved	N/A	N/A	N/A	N/A						

# Chapter Three



# HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT

(NKPA - GOOD GOVERNANCE & PUBLIC PARTICIPATION)  
(NKPA - INSTITUTIONAL TRANSFORMATION)

The Corporate Services Department is headed by the Director: Corporate Services who then becomes responsible for the following sections:

- Human Resources Management;
- Labour Relations;
- Human Resources Development
- General Administration;
- Information Technology Unit; and
- Committees Unit

## 3.1 PERFORMANCE HIGHLIGHTS FOR 2011/2012

### 3.1.1 EMPLOYMENT EQUITY REPORT

The municipality is required to compile an Employment Equity Report out of its Employment Equity Plan in consultation with the Employment Equity Forum and submit to the Department of Labour on or before the end of September of each year.

The Employment Equity Report for September 2011 was submitted electronically to the Department of Labour before the deadline date of 16 January 2012

The municipality was subjected to a review by the Director-General of the Department of Labour in terms of Section 43 of the Employment Equity Act, and as such, the Director-General made recommendations in terms of Section 44 of the Act.

The municipality is currently in the process of implementing the recommendations within the prescribed time-frames.

Table 1 shows that the municipality is still within its targets in terms of employing designated groups as defined in the Employment Equity Act, 55 of 1998. There has not been a significant change to this table since we submitted the EER in January 2011.

## CHAPTER 3: HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT...continued

(NKPA - GOOD GOVERNANCE & PUBLIC PARTICIPATION)  
(NKPA - INSTITUTIONAL TRANSFORMATION)

**Table 1**

Occupational Categories	Male				Female				Foreign National		Total
	A	C	I	W	A	C	I	W	MALE	FEMALE	
Top management	3	0	1								4
Senior Management	4	1	2		2	0	0	0			9
Professionally qualified and experienced specialists and mid-management	1	0	0	0	5	0	0	0			6
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	21	1	2	1	19	2	1	4			51
Semi-skilled and discretionary decision making	28	0	0	0	7	0	0	0			35
Unskilled and defined decision making	19	0	0	0	13	0	1	0			43
TOTAL PERMANENT	85	2	5	1	46	2	2	4			148
Temporary employees	3	0	1	0	5	0	0	1			10
<b>TOTAL</b>	<b>89</b>	<b>2</b>	<b>6</b>	<b>1</b>	<b>51</b>	<b>2</b>	<b>2</b>	<b>5</b>			<b>158</b>

Target / Numerical goals you have set to achieve for the total number of employees (including people with disabilities) at the end of the current employment equity plan in terms of occupational categories. Notes: A=Africans, C=Coloureds, I=Indians and W=Whites:



### 3.1.2 RECRUITMENT

The following is the statistics of appointments made during this financial year:

Labour Schedule Summary				
Number	Departments / Sections	Designation	Male	Female
3	Community Services	⚙ Caretaker - Sports field - DOA 07/05/2012 ⚙ General Assistant ⚙ General Assistant	1 1 1	
2	Finance	⚙ Assistant Manager Credit - DOA 01/06/12 ⚙ Assistant Manager SCM - DOA 01/06/12	1	1
0	Economic Development & Planning		0	
2	Corporate Services	⚙ Communication Officer - DOA 01/06/12 ⚙ Assistant Manager HR - DOA 01/06/12	1	1
1	Office of the Municipal Manager	⚙ Municipal Manager	1	
1	Technical Services		0	0

## CHAPTER 3: HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT...continued

(NKPA - GOOD GOVERNANCE & PUBLIC PARTICIPATION)  
(NKPA - INSTITUTIONAL TRANSFORMATION)

### Terminations within this financial year

Terminations As At 01 July 2009 To 30 June 2010				
1	Corporate Services	Communication & Public Participation Officer - Resigned	1	
0	Community Services			
2	Finance	Debt Control Officer - Contract expired Debt Clerk - Contract expired	1	1
3	Technical Services	(i) Artisan - Deceased 13/03/12 (ii) General Assistant - Retired (permanent) 29/02/12 (iii) Driver Operator	1 1 1	
2	Economic Development & Planning	Manager IDP - Resigned 30/06/12 Senior Planner - Contract (Reigned)	1	1

### 3.1.3 EMPLOYEE RELATED COSTS AND ALLOWANCES

It is pleasing to note that the Mandeni Municipality was able to spend employee related costs and allowances within the allocation of the budget. The rest of the difference between the budgeted amount and amount spent is as a result of vacant positions, which were eventually advertised in January 2012.

Operating Budget for the year ended 30 June 2012

#### EMPLOYEE RELATED COSTS, SALARIES AND WAGES

	Current Year 2011/2012	
	Approved Budget R	Y T D Actual R
Salaries, Wages & Allowance	25,728,516	21,267,588
Housing Allowance	223,962	137,472
Locomotion Allowance	2,247,778	2,063,737
Overtime	187,100	751,017
Cellphone Allowance	220,740	190,014
Performance Bonus	364,187	190,014
<b>Sub-Total Employee related costs Wages and Salaries</b>	<b>28,92,283</b>	<b>24,409,828</b>
Medical Aid	1,569,706	1,648,602
Pension Fund	2,727,495	2,602,839
UIF	179,040	179,218
Uniforms Allowance	2,120	0
Bargaining Council	15,454	23,551
Skills Levy	292,511	311,653
<b>Sub-Total Employee related costs Social Contributions</b>	<b>4,786,326</b>	<b>4,765,862</b>
<b>TOTAL EMPLOYEE RELATED COSTS</b>	<b>33,758,609</b>	<b>29,175,691</b>
<b>RENUMERATION OF COUNCILLORS</b>		
Mayors Allowance	386,882	230,036
Deputy Mayors Allowance	320,171	225,770
Speakers Allowance	525,314	446,194
Exco Members Allowance	755,025	801,317
Councillors Allowance	3,641,758	3,959,807
Councillors Cell Allowance	384,286	404,103
Councillors Housing Allowance	1,267,599	1,276,320
Councillors Travel Allowances	7,636,942	7,522,755
<b>Sub-Total Remuneration of Councillors</b>	<b>41,395,552</b>	<b>36,698,445</b>

# CHAPTER 3: HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT...continued

(NKPA - GOOD GOVERNANCE & PUBLIC PARTICIPATION)  
(NKPA - INSTITUTIONAL TRANSFORMATION)

## 3.1.4 FORMULATED POLICIES

Table below depicts policies that newly formulated following workshops and consultation with relevant stakeholders, including council structures and council:

New Policies	Date Adopted By Council
Business Licensing Policy	16/09/2011
Informal Traders and Management Framework	08/07/2011
Policy on Out Pocket Expenses for Ward Committees	22/03/2012

## 3.1.5 HUMAN RESOURCES DEVELOPMENT

A total amount of R721 276.65 was spent on training and development of councillors and employees for the period 1 July 2011 to 30 June 2012 against the total budgeted amount of R 750 742. These amounts exclude the grants the municipality receives from the Local Government SETA in the form of mandatory and discretionary grants

### 3.1.5.1 NUMBER OF PERSONS THAT WERE TRAINED DURING 11/12

The Municipality managed to train 91 staff members on different areas and 20 councillors on various courses.

Crucial courses attended by officials and councillors include the following:

- ⚙ CPMD - attended by officials .
- ⚙ Executive Leadership Management Development Programme (ELMDP) - attended by both officials and councillors
- ⚙ Certificate in Management Development Programme

attended by one senior official. Senior managers and finance staff are obliged to attend this course in compliance with the Minimum Competency Levels Regulations of 2007 issued by the National Treasury.

- ⚙ Occupation Directed Education and Training Development Programme (ODETD) - attended by officials only. LGSETA requires that Skills Development Facilitators should attend this course for better performance of their duties
- ⚙ Disaster Management - attended by officials and councillors

Other learnership programmes started during this period include the following:

- ⚙ ODETD for Skills Development Facilitators (SDFs)
- ⚙ Executive Leadership Management Development Programme targeting middle management which is sponsored by the government of Netherlands and conducted through DBSA and PALAMA
- ⚙ Advanced Management Development Programme targeting managers which is also sponsored by the

government of Netherlands.

Included in the WSP and Training Report for 2012 / 2013 submitted to LGSETA as at end of June 2012 was the Declaration of Intent (application for the Discretionary Grant) for the following training programmes:

- (i) learnership programmes
- (ii) Road Traffic Management
- (iii) LED
- (iv) Ward Committees Governance
- (v) Assessor Programme
- (vi) Mentorship Programme
- (vii) Communication Skills
- (viii) Disaster Risk Management
- (ix) Local Government Councilor Practices
- (x) Asset Management
- (xi) Management Leadership and
- (xii) Infrastructure Development & Service Delivery

### 3.1.5.2 WORKPLACE SKILLS PLAN AND ANNUAL TRAINING REPORTS

The Workplace Skills Plan and Annual Training Reports were compiled by the Skills Development Facilitator and adopted by the Training Committee (Human Resources Development Committee) on 27 June 2012 and submitted to the LGSETA before the deadline date of 30 June 2012.

The municipality has since received a Workplace Vetting Form for Learnership Implementation and has received good results in this regard.

### BURSARIES

The year before the past financial year the Council passed the bursary policy of which created some hopes particularly to the Learners that were coming from indigent families that they will be able to further their studies at the tertiary institutions of their choice. For the first time that the Municipality started offering bursaries to Mandeni matriculates who had passed well in their matric particularly in maths, science and commercial subjects. Notice for Learners to apply was issued in the local newspaper and the Municipality received 44 applications. The Municipality had the formal ceremony in this regard in January 2012 where those Learners were formally awarded with bursaries.

Below is the table that exhibit the names of learners who benefited.

Name	Discipline/Faculty	Tertiary Institution
Alisha Boodram	ULTRA SOUND	DUT
Khulekani S. Manqele	B.Com Accounting	UKZN(Durban)
Mayandiswe T.Nene	Chemical Engineering	UKZN (Durban)
Sibonelo Shandu	Chemical Engineering	UKZN (Durban)
Talent P Zikhali	Law	University of Johannesburg
Bongiwe Shandu	Financial Accounting	UKZN (Pietermaritzburg)
Innocent S Zondo	B.Com Accounting	UNIZUL
Ndumiso B.Gcabashe	Education	UNIZUL

Mandeni Municipality was also honoured that within the same month of January 2012 the National Minister: Public Enterprise, Honourable Minister M Gigaba also gave out bursaries to other Learners of Mandeni who were from his Education Foundation.

### IN-SERVICE TRAINING AND INTERNSHIPS

In this financial year the Municipality also managed offer In-service training programme of six months as a result of the In-Service Training Policy, which was adopted by Council on the prior year. Those students were from Mandeni Municipal area as required by the policy and studying from different tertiary institutions. They were placed in different Departments and units of the Municipality such as Community Services, Planning, Technical Services and Corporate Services.



## CHAPTER 3: HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT...continued

(NKPA - GOOD GOVERNANCE & PUBLIC PARTICIPATION)  
(NKPA - INSTITUTIONAL TRANSFORMATION)

No.	Name & Surname	Institution
1.	Monica R Bolofo	Durban University of Technology
2.	Ayanda M Nzuza	University of Zululand
3.	Nozipho T Nxumalo	University of Zululand
4.	Nombulelo T Njapha	University of Zululand
5.	Simphiwe S Dlomo	Mangosuthu University of Technology
6.	Sibusiso E Thabethe	Mfolozi FET

The Municipality had also five Finance Interns, which were mainly in different units from the Finance Department.

No.	Name & Surname
1.	Mr Lungisani Nduli
2.	Ms SSN Cele
3.	Ms NH Nwabe
4.	Ms NN Nxumalo
5.	Mr KM Mbatha (resigned)

### **3.1.5 PERFORMANCE MANAGEMENT SYSTEM**

The Municipality had an adopted Performance Management Framework which informed the implementation of performance management. Organisational Score Card and Service Delivery Budget implementation Plan were developed and adopted by Council. Performance Management had been cascaded to Section 57 / 56 employees who completed their performance agreement, plans and submitted them to COGTA. The Director continued to report on their performance at MANCO and individually to Acting Municipal Manager at that time. The performance assessments were also conducted in November 2011 to the three Section 56's Directors that were remaining since the Municipal Manager was still on special leave. Work plan or itineraries were also required to be prepared by Managers every week. The Director: Corporate Services also out of his tight schedule attended Intergovernmental Governmental (IGR) meetings relating to Performance Management and IT.

On the 12 - 14 August 2011 the Municipality also conducted Strategic Planning Session at Saint Lucia which went very well with resolutions being adopted by Council. Amongst many Departmental resolutions related to bulk SMS, which is currently being used by the Municipality in communicating with its stakeholders internally. This Strategic Planning was very important because it was after elections and subsequently inauguration of new Council.

### **3.1.6 EMPLOYEE WELLNESS**

The Municipality believes in ensuring employees are healthy in order for them to be productive. As a result such a unit was created to ensure that they receive counselling if necessary or referred to relevant organisation. This unit has managed to introduce many programmes in assistance with other Departments of the Municipality such as Community Services to implement "Work Play Programme". Outside people have been asked to volunteer in talking to our employees on various issues including HIV and AIDS.

### **3.1.10 DISCIPLINARY CASES AND GRIEVANCES**

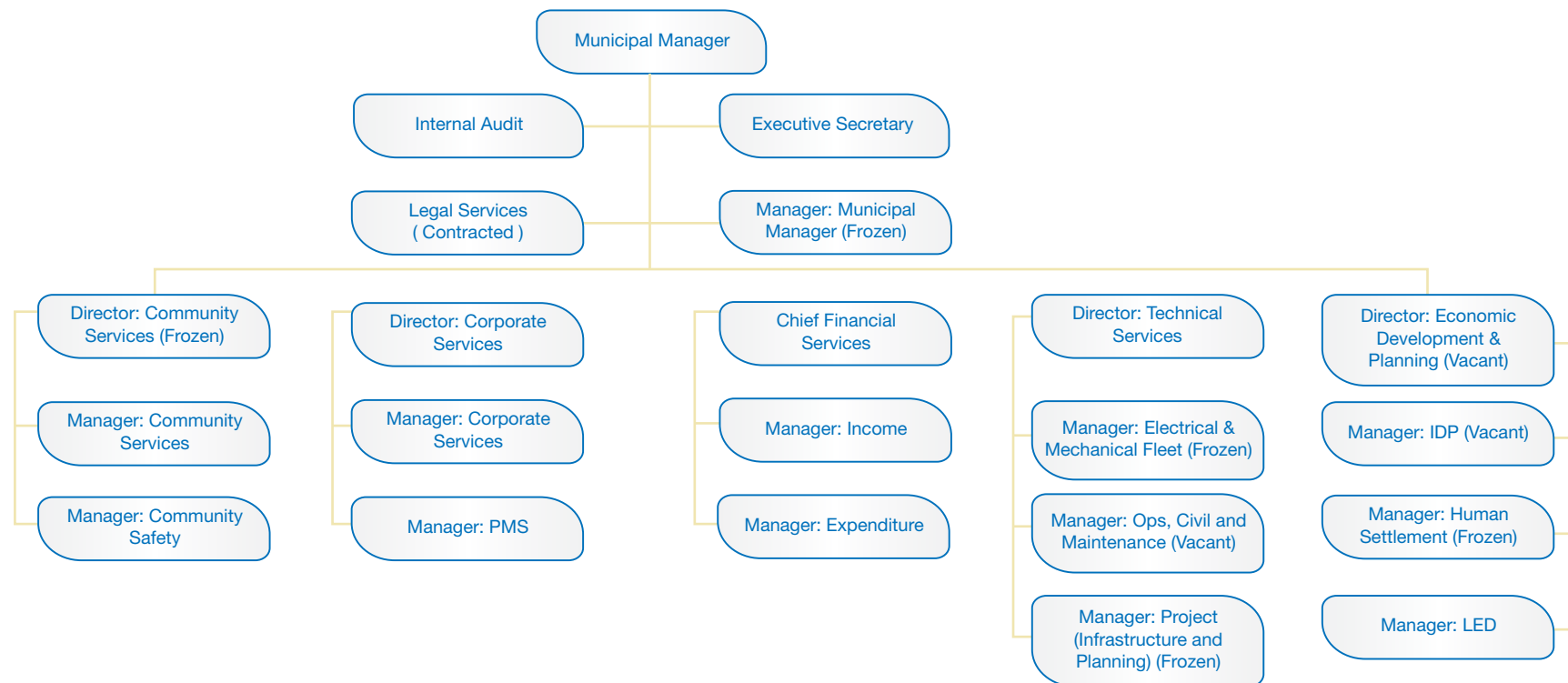
The Municipality did not have any disciplinary or grievances to consider in this financial year except the forensic audit which was sanctioned by COGTA as a result of allegation that were leveled against certain individuals by the protesters. Again most of Community Safety Department's officials were arrested on allegations of fraud and corruption and were subsequently put on special leave by the municipality.

# CHAPTER 3: HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT...continued

(NKPA - GOOD GOVERNANCE & PUBLIC PARTICIPATION)  
(NKPA - INSTITUTIONAL TRANSFORMATION)

## 3.1.11 REVIEW OF THE ORGANOGRAM

The Municipality managed to fill most of the vacant positions especially those that were recommended by Auditor General from his last audit.



### 3.1.12 SDBIP CO-ORDINATION AND REPORTING

The Co-ordination of SDBIP went well the whole year since they were submitted to EXCO and put on our website as is required by MFMA. They were also adjusted during the mid-year budget adjustment and publicized for public comment. They are attached as Annexure A.

### 3.2 PERFORMANCE AGAINST STRATEGIC OBJECTIVES - SDBIP

National Kpa		Corporate Governance And Public Participation						
KPA	Strategic/ IDP Objective	KPI	Budget	2010/2011		2011/2012		Status And Comments
				Target	Actual	Target	Actual	
Good Governance	Adoption of policies	Consultation with relevant stakeholders	R0	Adoption of policies	9 policies were adopted by Council in December 2010			
Transformation	D.2 Improvement of IT / IS	Consultation and presentation of the draft	R200 000	Improvement of IT room	9 issues were address in reference to COMSEC document			
	Compliance with the relevant legislation and collective agreements.	Submission of WSP	R0	Submission of WSP on time to LGSETA	Met the deadline of Submitting WSP to LGSETA	Submission of WSP on time to LGSETA	Met the deadline of Submitting WSP to LGSETA	
		Recruit in-service trainees		4	4	4	4	
		Number of people enrolled on learnership		2	2	15	15	
		Submission of EEP	R0	Submission of EER on time to the DOL	Submitted EER on time to the DOL	Submission of EER on time to the DOL	Submitted EER on time to the DOL	

## CHAPTER 3: HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT...continued

(NKPA - GOOD GOVERNANCE & PUBLIC PARTICIPATION)  
(NKPA - INSTITUTIONAL TRANSFORMATION)

### 3.3 PERFORMANCE OF COUNCIL

Meetings from July to December 2012

Committees	Dates
Executive Committee	15/07/2011, 08/07/2011, 01/12/2011, 10/11/2011, 25/10/2011, 06/10/2011 16/09/2011, 10/08/2011, 25/06/2012, 16/02/2012, 22/03/2012, 05/03/2012 31/05/2012, 29/05/2012
Council	08/09/2011, 27/10/2011, 15/11/2011, 30/11/2011, 31/12/2011, 14/12/2011 31/01/2012, 10/04/2012, 22/03/2012, 05/03/2012
Finance Portfolio Committee	13/07/2011, 07/09/2011, 26/07/2011, 27/09/2011, 27/10/2011, 06/12/2011 30/01/2012, 28/02/2012, 13/03/2012, 24/04/2012, 15/05/2012, 31/06/2012
Infrastructure Development and Technical Services Portfolio Committee	26/07/2011, 25/08/2011, 13/09/2011, 10/10/2011, 15/11/2011, 17/04/2012 20/03/2012, 14/02/2012
Economic Development, Planning & Human Settlement Portfolio Committee	14/07/2011, 25/08/2011, 15/09/2011, 13/10/2011, 10/11/2011, 07/02/2012 30/05/2012, 14/03/2012, 09/02/2012
Audit Committee	13/12/2011, 25/10/2011, 29/08/2011, 23/05/2012, 13/02/2012
Local Public Administration and Human Resources Portfolio Committee	13/07/2011, 10/08/2011, 29/09/2011, 18/10/2011, 09/11/2011, 30/11/2011 08/02/2012
Local Labour Forum	26/09/2011, 02/08/2011, 29/09/2011, 24/10/2011, 30/05/2012, 26/03/2012
Youth	22/07/2011, 03/10/2011, 11/10/2011, 08/12/2011, 15/12/2011, 03/04/2012
Municipal Services Portfolio Committee	20/07/2011, 21/09/2011, 17/04/2012, 22/03/2012, 15/02/2012
Municipal Public Accounts Committee	13/03/2012
Rules Committee	23/10/2012
Special Programmes	23/11/2012
Community And Public Safety	21/11/2012



### 3.4 BUDGET EXPENDITURE

The overall budget for Corporate Services Department for 2011/2012 was R6 742 000 and R6 391 435 was spent which translates to 5.5% under expenditure. The challenges that caused under spending related to Municipal financial constraints.

### 3.5 IMPROVEMENT PLANS / CORRECTIVE MEASURES

#### CHALLENGES FOR THE 2011/2012 FINANCIAL YEAR

- ⚙ Improvement in the amount of training conducted in the past financial year.
- ⚙ Improvement on the past annual report
- ⚙ Automated performance management system through DIMS system

#### PRIORITIES FOR IDP 2011/2012

- ⚙ Improvement on the usage of DIMS in reporting and monitoring Performance Management System
- ⚙ Filling of vacant positions
- ⚙ Improvement of website and utilization of bulk SMS facilities
- ⚙ Provision of the alternative sources of income to build new municipal offices



# CHAPTER 3: HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT...continued

(NKPA - GOOD GOVERNANCE & PUBLIC PARTICIPATION)

(NKPA - INSTITUTIONAL TRANSFORMATION)

## Service Delivery And Budget Implementation Plan 2011/2012 - Corporate Services

National KPA's	Key Performance Area	Objective	Status	Baseline	KPI's	Annual Target	Budget	Quarter ending 30 September 2011		Quarter ending 31 December 2011		
								Projected	Actual	Projected	Actual	
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	PMS	Functionality of automated PMS system (DIMS)	Core function	Data Information Management System (DIMS) was implemented	Number of Data Information Management System (DIMS) report generated by the end of each quarter.	4 reports	R	1 Report	0	1 Report	0	
		Compilation the Annual Performance Management Report (APMR) - Section 46	Core function	10/11 annual report	Submission of the annual report to Council / EXCO by deadline	Adopted annual report by 31 January 2012		APMR adopted by 31 August	APMR adopted			
		Compilation of the Annual Report - Section 121	Core function	Fastrack development of the town in a sustainable way Social, Economical & Environmentally	Maximum usage of local labour on all capital projects & Empowerment opportunities	No. jobs created on projects and entrepreneur through social compact agreements	R			1st draft of the annual report	1	
		To improve the institutional character to develop service appropriately and effectively	Core function	SDBIP approved within timeframe's	Percentage progress of the approval of SDBIP and Organisational Scorecard before the end of the 1st quarter.	28 days after the approval of the Budget		Adoption of 1st Quarter by EXCO	SDBIP adopted	Adoption of 2nd Quarter by EXCO	1	
		To improve the institutional character to develop services appropriately and effectively	Core function	2010 Performance Agreements were signed	Number signed Performance Agreements by deadline	5 PA's by 31 July 2011		5 signed Pas	3 PA adopted and signed	N/A		

### Service Delivery And Budget Implementation Plan 2011/2012 - Corporate Services

	Quarter ending 31 March 2012		Quarter ending 30 June 2012		Explanation of variance/ comments	Corrective measures	Responsibility			Locality	Portfolio of Evidence Reference No.
	Projected	Actual	Projected	Actual			Dept	Section	Individual		
	1 Report	0	1 Report	0	The service provider has been refusing and difficult in providing technical support on the system	The Municipality has appointed the PMS Manager who knows the system and the Municipality was able to use excel document in processing performance information.	Corporate Services Department	Performance Management	Director: Corporate Services	Mandeni Municipality	
						Corporate Services Department	Performance Management	Performance Management	Director: Corporate Services	Mandeni Municipality	
	Adoption of the Annual Report	1					Corporate Services Department	Performance Management	Director: Corporate Services	Mandeni Municipality	
	Adoption of 3rd Quarter by EXCO	0	Adoption of 4th Quarter by EXCO	0	Due to the advice of AG the SDBIP's are now firstly submitted to Internal Audit and Audit Committee before EXCO. That caused delay in terms of them getting to EXCO on time	They will be submitted before the end August 2012 for both quarters.	Corporate Services Department	Committees	Director: Corporate Services	Mandeni Municipality	
	N/A		N/A				Corporate Services Department	Performance Management	Director: Corporate Services	Mandeni Municipality	

## CHAPTER 3: HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT...continued

(NKPA - GOOD GOVERNANCE & PUBLIC PARTICIPATION)

(NKPA - INSTITUTIONAL TRANSFORMATION)

### Service Delivery And Budget Implementation Plan 2011/2012 - Corporate Services

National KPA's	Key Performance Area	Objective	Status	Baseline	KPI's	Annual Target	Budget	Quarter ending 30 September 2011		Quarter ending 31 December 2011		
								Projected	Actual	Projected	Actual	
<b>Municipal Institutional Development and Transformation</b>	Human Resource	Accuracy of leave management		New indicator	Frequency of updating leave	Weekly		Weekly	Updated and submitted to LPAHRPC monthly	Weekly	Updated and submitted to LPAHRPC monthly	
		To ensure that the staff component of the Financial is efficient		80% filled	% Critical posts filled	85%		2%	0	1%	0	
	WSP	To ensure that the WSP with ATR/P is submitted to LGSETA on time	Core function	WSP have been submitted to LGSETA in the prior year	WSP submitted to LGSETA by deadline	Submission of WSP with ATR to LGSETA by July 2011	R	WSP and ATR submitted by July 2011	Submitted	N/A	Implementation of Training Plan is ongoing	
		Implementation of training as indicated on WSP	Core function	Several trainings were conducted prior year	% Of training conducted in accordance to the WSP	100% training conducted	R-	25% training conducted	25%	50% training conducted	50%	
		Implementation of training as indicated on WSP		Compiled and submitted WSP in 2010	% Budget spent on WSP	100%	R187 685-49	30%	16%	30%	30%	
	Employment Equity	Ensure that EEP is submitted to DOL	Core function	Submitted in the prior years	Submission of report by deadline	1 EEP submitted to DOL by 30 Sept 2011	R -	1 Submission of EE Report to DOL by 30 Sept 2011	1	Electronic submission of EER by 16/01/12	1	

### Service Delivery And Budget Implementation Plan 2011/2012 - Corporate Services

	Quarter ending 31 March 2012		Quarter ending 30 June 2012		Explanation of variance/ comments	Corrective measures	Responsibility			Locality	Portfolio of Evidence Reference No.
	Projected	Actual	Projected	Actual			Dept	Section	Individual		
	Weekly	Weekly	Weekly	Weekly			Corporate Services Department	Human Resources	Director: Corporate Services	Mandeni Municipality	
	1%	0%	100%	1	Due to the delay in the advertisements and shortlisting because there were many jobs advertised.	Started interviews this month.	Corporate Services Department	Human Resources	Director: Corporate Services	Mandeni Municipality	
	N/A		N/A	WSP submitted on 29/07/12 before the due date	N/A	N/A	N/A	Human Resources Development	Manager: Corporate Services	Mandeni Municipality	
	75% training conducted	80%	100% training conducted	90%	Delay from appointed Service provider to commence with comp. Training	It can be corrected in the next financial year by asking SCM to black list the service provider	Corporate Services Department	Human Resources Development	Manager Corporate Services	Mandeni Municipality	
	30%	197%	10%	96%	Exceeded the expenditure		Corporate Services Department	Human Resources Development	Manager Corporate Services	Mandeni Municipality	
	N/A		N/A	Setting targets	N/A	N/A	Corporate Services Department	Human Resources	Manager Corporate Services	Mandeni Municipality	

## CHAPTER 3: HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT...continued

(NKPA - GOOD GOVERNANCE & PUBLIC PARTICIPATION)  
(NKPA - INSTITUTIONAL TRANSFORMATION)

### Service Delivery And Budget Implementation Plan 2011/2012 - Corporate Services

National KPA's	Key Performance Area	Objective	Status	Baseline	KPI's	Annual Target	Budget	Quarter ending 30 September 2011		Quarter ending 31 December 2011		
								Projected	Actual	Projected	Actual	
<b>Municipal Institutional Development and Transformation</b>	Master Systems Plan	D.2 Implementation of Master System Plan	Core function	Internet policy	Number of MSP projects implemented by deadline	5 projects by 31 June 2012	R -	1	0	0	0	
	Turn Around Strategy	Implementation of TAS	Core function	IDP, Budget and PMS public participation meeting have been taking place	Number of reports submitted by deadline	4 reports by 30 June 2012	R	1 Report	0	1 Report	1	
	AG Audit queries	Implement the audit responses	Core function	Audit responses are provided in the annual report	Turnaround time to respond to audit queries	2 days	R	2 days	Responded	2 days	100%	
	Ward Committees	Election of new ward committees	Core function	Ward Committees are currently existing	% progress of election of new ward committees by deadline	100% by Dec 2011	R	50%	100% elected	100%	100%	
	Public participation	To be transparent and democratic	Core function	Public meeting have been conducted in the last year	Number of community meetings and Izimbizo for the Mayor	20 Public meetings with Mayoral Mbizo's		5	0	5	5	
	Support Services	To supply resources & council support services for all meetings		Council calendar	% total scheduled meetings of Council, Exco, MA NCO & PC conducted as planned	100% of scheduled meeting per quarter		100%	100%	100%	100%	



### Service Delivery And Budget Implementation Plan 2011/2012 - Corporate Services

	Quarter ending 31 March 2012		Quarter ending 30 June 2012		Explanation of variance/ comments	Corrective measures	Responsibility			Locality	Portfolio of Evidence Reference No.
	Projected	Actual	Projected	Actual			Dept	Section	Individual		
	2	1	2	2	Petitioning of server room, Safety cable, UPS functioning.		Corporate Services Department	Human Resources	Senior: Administration Officer	Mandeni Municipality	
1 Report		0	1 Report	0	The TAS was combined with Municipal Strategic Plan	Corrected in the next financial year. However the 4th quarter is still to be submitted to EXCO is currently being updated	Corporate Services Department	IT	Director: Corporate Services	Mandeni Municipality	
2 days	2 days	2 days	2 days	2 days			Corporate Services Department	Corporate services	Director: Corporate Services	Mandeni Municipality	
N/A	N/A	N/A	N/A				Corporate Services Department	Public Participation	Public Participation Officer	Mandeni Municipality	
5	5	5	5	6	Councillors were still going though induction period after the local government elections	The meeting for other quarters went very well with a lot of ward meetings	Corporate Services Department	Public Participation	Public Participation Officer	Mandeni Municipality	
100%	100%	100%	100%	100%	N/A	N/A	Corporate Services Department	Committees	Public Participation Officer	Mandeni Municipality	

# Chapter Four



# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING

## 4.1 FINANCE DEPARTMENT - NKPA - FINANCIAL VIABILITY

The aim of Finance Department is to provide support to the departments and the Municipality as a whole and has the following sections:

- ⚙ Billing
- ⚙ Credit control and debt collection
- ⚙ Payments and financing
- ⚙ Budgeting, Reporting and Compliance monitoring

### PERFORMANCE HIGHLIGHTS OF 2011/2012

#### **Billing**

The section has overcome all the challenges that are associated with the implementation of Pastel Evolution as a new billing tool. Data cleansing had been the main focus that will support the fight against non-payment of services.

#### **Credit Control and Debt Collection**

As per the adoption of the revenue enhancement strategy, there has been a principle agreement with Eskom to assess the need to transfer distribution of energy to the municipality. The State has settled its debt thus improving our cash flow.

#### **Payments and financing**

There has been a fundamental shift from the way activities were implemented in this section. Now timely reconciliation's are possible. Better cash flow management is produced. The section has continued to maintain the supply chain good governance and stores management. The Municipality has also managed to maintain a positive cash flow as at year end.

#### **Budget, Reporting and Compliance Monitoring**

The Municipality has successfully implemented the budget reforms and submitted its budget in time as per the MFMA regulations. The section has maintained a good record in sending Section 71 Reports together with Mid-year assessment review report. The introduction of Caseware has been a boost to the financial statements submission

# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

## Performance against Strategic Objectives - SDBIP

National Kpa	Financial Viability		2011/2012			Explanation Of Variance
	Strategic/ IDP Objective	KPI	Baseline	Target	Actual Performance	
Financial viability	<b>Financial Statements</b> To submit Financial Statement to Auditor General By 31 August	Acceptance by AG of AFS submission	AFS submitted by 31 August 2010	AFS submitted by 31 August 2010	AFS submitted by 31 August 2011	
	<b>Budget process &amp; IDP alignment</b> To have Municipal Budget approved that is linked to IDP and submitted to Treasury	approved budget by 31 May 2012	Budget approved by 31 May 2011	approved budget	approved budget	
	<b>Indigent Register</b> To compile and have an approved indigent register for implementation	Reviewed Indigent Register	annual approved register for 2010/2011	annual approved register for 2011/2012	annually approved register for 2011/2012	
	<b>Service debtors</b> To reduce outstanding debtors of the Municipality	<b>Outstanding Service Debtors</b> to Revenue as defined in the Municipal Planning and Performance Management Regulations (2001) (A=B/C)	60%	65%	66%	
	<b>Creditors</b> To pay creditors within 30 days	Creditors are less than 30 days	30 Days	30 Days	30 Days	
	<b>Auditor General's Report</b> To obtain an unqualified Audit Report	Unqualified audit report	Unqualified report 2010	Unqualified report 2011	Unqualified report 2011	

Performance against Strategic Objectives - SDBIP

National Kpa	Financial Viability		2011/2012			Explanation Of Variance
	Strategic/ IDP Objective	KPI	Baseline	Target	Actual Performance	
Financial viability	<b>Financial reporting</b> To ensure accountability on Municipal Finances	Management account submission to HOD's	Monthly submission	monthly submission	monthly submission	
	<b>Salaries payments</b> For effective performance of the Council, all personnel to be paid on due dates monthly.	Cleared salary suspense	Monthly clearance	Monthly clearance	Monthly clearance	
	<b>Cash flow monitoring</b> To have sufficient cash to meet obligations and surplus cash invested.	Reviewed bank statements	daily signing	daily signing	daily signing	
	<b>Positive cash flow forecast</b> To strive by all means possible to reflect positive cash flow forecast for the year	Cash flow forecast schedules	Monthly forecast	Monthly forecast	Monthly forecast	
Good governance	<b>External reporting</b> To submit Statutory reporting to National and Provincial Treasuries and other State agencies before due dates	emailed reports to National Treasury database	Monthly submission	Monthly submission	Monthly submission	
	<b>Departmental meetings</b> To conduct monthly Departmental meetings	For the proper management and functioning of the Department, meetings must be held frequently	Monthly agenda	Monthly agenda	Monthly agenda	

## CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

### Performance against Strategic Objectives - SDBIP

National Pa	Financial Viability		2011/2012			Explanation Of Variance
	Strategic/ IDP Objective	KPI	Baseline	Target	Actual Performance	
Good governance	<b>Conditional Grants</b> To reconcile conditional grants on its use and report on its status to relevant funder	The conditional grants must be ring-fenced and be spent for only the purpose for which they were granted for and reported thereon.	Monthly reports	Monthly reports	Monthly reports	
	<b>Mid- Year Report (Sec. 72)</b> To consolidate the Mid-Year Report for Submission to Treasuries	Section 72 of MFMA requires that the municipality report on the activities as per the Service Delivery Budget and Implementation plan in a mid financial year.	Annual submission 2010/11	Annual submission 2011/12	Annual submission 2011/12	
	<b>Resolve Audit Queries</b> To resolve all queries to the satisfaction of AG within a reasonable time after audit	After Auditor General has raised issues, they must be responded on if not positively responded they must be resolved in time	Clear all audit queries	Clear all audit queries	Clear all audit queries	
	<b>Risk Management</b> To review risk management plan annually	Risk management plan	Annual approval	Annual approval	Annual approval	
		Reports to FPC	monthly submission	monthly submission	monthly submission	
	<b>Audit Committee</b> To ensure that the audit committee sit for financial review of the municipality	Meetings of the Audit Committee	Quarterly	Quarterly	Quarterly	



#### Performance against strategic objectives - SDBIP ...continued

National Pa	Financial Viability		2011/2012			Explanation Of Variance
	Strategic/ IDP Objective	KPI	Baseline	Target	Actual Performance	
Good governance	<b>Website</b> To ensure that the website is updated with financial information	current information on website	monthly reports	monthly reports	monthly reports	
	<b>Performance Management</b> To review the SDBIP for MANCO's assessment	Monthly submission of SDBIP	Monthly	Monthly	Monthly	

#### IMPROVEMENT PLANS / CORRECTIVE MEASURES

##### IRREGULAR EXPENDITURE

In an effort to improve the functioning of the Supply Chain Management unit we have considered carefully the audit findings. The plan was then put in place to overcome these challenges. Part of the plan is to appoint the dedicated practitioner, the expansion of the unit to cope with all the legislated requirements, to ensure the role of committees and the training of all involved in the SCM practices.

##### GRAP IMPLEMENTATION

The municipality has now reached its deadline in GRAP implementation. As we gradually improve training is necessary in this regard. This will assist the municipality in developing professionalism in the municipal staff.

##### SERVICE DEBTORS MANAGEMENT

Follow up methods on debtors were reviewed where government account were settled with the involvement of

National treasury. The breakthrough also was made with SANRAL for the settlement of the account. Ingonyama Trust is however taking matters to courts. We still have a challenge with the system to improve the payment level on the households.

##### AUDIT QUERIES

We also appreciate the involvement of Auditor General in ensuring that all the issues he raised are attended to. As a way of monitoring, the Mayor is made to commit herself to clear the queries raised.

##### CHALLENGES FOR THE 2011/2012 FINANCIAL YEAR

- ⚙ The Municipality is still sitting with a large amount of an outstanding debt. The interventions of the revenue enhancement strategy will be closely monitored.
- ⚙ The skills shortage is still a major challenge. The interventions are being made to mitigate the situation. We hope that the qualification on minimum competency levels will assist.

- ⚙ The municipality has improved and capacitated its supply chain management function by giving training and reviewed its bid committee members. This is in line with the improved ways and laws that govern the awarding of tenders. We have also reviewed the procedures that will ensure that irregular, unauthorised and fruitless and wasteful expenditure does not happen.
- ⚙ Bad debt write-offs policy was adopted to assist with level of debtors

##### PRIORITIES FOR 2012/2013

- ⚙ To ensure that debt management is improved
- ⚙ To adhere to the principles of clean audit by 2014
- ⚙ To maintain credible and transparent supply chain management
- ⚙ Updating Indigent Register

##### BUDGET EXPENDITURE

The variance can be attributed to items of income foregone and grants budgeted that were not realised.

## CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

### Service Delivery And Budget Implementation Plan-budget & Treasury Department - 2011/12

IDP Indicator No.	National KPA	IDP Objective	Explanation of Ratios / KPI's	Strategic Objective	Status	Source	Measurable Objective/ Output	Frequency	Key Performance Indicator	Baseline indicator 2011/12	Annual Target	Budget	Vote Number	
	<b>GOOD GOVERNANCE</b>	Annual Financial Statements		To submit Financial Statement to Auditor General By 31 August			Acknowledgement of receipt of AFS by 31 August by AG	Annually	Acknowledgement letter from AG	Acknowledgement letter from AG	100%	0		
		Budget process & IDP alignment		To have Municipal Budget approved that is linked to IDP and submitted to Treasuries			Approved Municipal Budget by 31 May	Annually	Council Resolution of approval of the budget by 31 May 2012	Approved budget	100%	0		
		Auditor General's Report		To obtain an unqualified Audit Report			Audit report	Annually	Unqualified audit report	Unqualified Audit report	100%	0		
		External reporting		To submit Statutory reporting to National and Provincial Treasuries and other State agencies before due dates			Review report submission monthly	Monthly	Number of emailed reports to Ig database	12	12	0		

Service Delivery And Budget Implementation Plan-budget & Treasury Department - 2011/12

	Quarter Ending 30 September 2011		Quarter Ending 31 December 2011		Quarter Ending 30 March 2012		Quarter Ending 30 June 2012		Comments Explanation of variance	Corrective Measure	Responsibility			Local Municipality affected
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual			Dept	Section	Individual	
	Acknowledgement letter from AG - 100%	Acknowledgement letter from AG - 100%	N/A	N/A	N/A	N/A	N/A	N/A			Finance		Ronald Ntokoza Hlongwa	
	N/A	N/A	N/A	N/A	N/A	N/A	Approved Final Budget for 2012/13 100.00%	Approved Final Budget for 2012/13 100.00%			Finance		Ronald Ntokoza Hlongwa	
	N/A	N/A	Unqualified Audit report - 100%	Unqualified Audit report - 100%	N/A	N/A	N/A	N/A			Finance		Ronald Ntokoza Hlongwa	
	3 Monthly proof of submission	3 Monthly proof of submission	3 Monthly proof of submission	3 Monthly proof of submission	3 Monthly proof of submission	3 Monthly proof of submission	3 Monthly proof of submission	3 Monthly proof of submission			Finance		Ronald Ntokoza Hlongwa	

# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

## Service Delivery And Budget Implementation Plan-budget & Treasury Department - 2011/12

IDP Indicator No.	National KPA	IDP Objective	Explanation of Ratios / KPI's	Strategic Objective	Status	Source	Measurable Objective/ Output	Frequency	Key Performance Indicator	Baseline indicator 2011/12	Annual Target	Budget	Vote Number	
	<b>GOOD GOVERNANCE</b>	Financial reporting		To manage the working capital effectively			Submit report to Finance Portfolio Committee monthly	Monthly	Number of Reports to Finance Portfolio	12	12	0		
		Mid-Year Report (Sec. 72)		To consolidate the Mid-Year Report for Submission to Treasuries			Approval of Mid-Year report	Annually	Council Resolution of approval of the budget by 31 January 2012	Approval of Mid-Year report	100%	0		
		Risk Management		To review risk management plan annually			Risk Audit Implementation plan annually	Annually	Approved audit plan by Audit committee	100%	100%	0		
		SCM Implementation		To ensure that demand disposal and selection of contractor to the provision of goods and services is achieved in line with the policy			Monthly SCM report	Monthly	Number of Reports to FPC - monthly SCM Reports	12	12	0		

### Service Delivery And Budget Implementation Plan-budget & Treasury Department - 2011/12

	Quarter Ending 30 September 2011		Quarter Ending 31 December 2011		Quarter Ending 30 March 2012		Quarter Ending 30 June 2012		Comments Explanation of variance	Corrective Measure	Responsibility			Local Municipality affected
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual			Dept	Section	Individual	
	3 Meetings held	3 Meetings held	3 Meetings held	2 Meetings held	3 Meetings held	2 Meetings held	3 Meetings held	3 Meetings held			Finance		Ronald Ntokoza Hlongwa	
	N/A	N/A	N/A	N/A	Mid-year report submitted by 31 January 2012 - 100.00%,	Mid-year report submitted by 31 January 2012 -	N/A	N/A			Finance		Ronald Ntokoza Hlongwa	
	N/A	N/A	N/A	Approved audit plan by Audit Committee	N/A	N/A	Approve audit plan by Audit Committee	N/A			Finance		Ronald Ntokoza Hlongwa	
	3 monthly reports		3 monthly reports		3 monthly reports	3 monthly reports	3 monthly reports	3 monthly reports			Finance		Ronald Ntokoza Hlongwa	

# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

## Service Delivery And Budget Implementation Plan-budget & Treasury Department - 2011/12

IDP Indicator No.	National KPA	IDP Objective	Explanation of Ratios / KPI's	Strategic Objective	Status	Source	Measurable Objective/ Output	Frequency	Key Performance Indicator	Baseline indicator 2011/12	Annual Target	Budget	Vote Number	
	GOOD GOVERNANCE	Municipal Support Programme		To ensure that the monthly reconciliation are prepared			monthly reports	Monthly	Monitoring schedule	12	12	0		
		Website		To ensure that the website is updated with financial information			Monthly update	Monthly	Frequency of updating information on the website	12	12	0		
		Performance Management		To review the SDBIP for MANCO's assessment			Quarterly review of SDBIP	Quarterly	Quarterly submission of SDBIP reports	4	4	0		
		Resolve Audit Queries		To resolve all queries to the satisfaction of AG within a reasonable time after audit			Report address mechanism	Annual	Timeous responses to audit queries	100	100	0		
		Departmental meetings		To conduct monthly Departmental meetings			Monthly Departmental meetings	Monthly	Percentage of meetings held as per the timetable (Minutes)	12	12	0		



# SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN-BUDGET & TREASURY DEPARTMENT - 2011/12

	Quarter Ending 30 September 2011		Quarter Ending 31 December 2011		Quarter Ending 30 March 2012		Quarter Ending 30 June 2012		Comments Explanation of variance	Corrective Measure	Responsibility			Local Municipality affected
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual			Dept	Section	Individual	
	3 monthly control schedule		3 monthly control schedule		3 monthly control schedule	3 monthly control schedule	3 monthly control schedule	3 monthly control schedule			Finance		Ronald Ntokoza Hlongwa	
	3 Monthly update		3 Monthly update		3 Monthly update	3 Monthly update	3 Monthly update		Improvement on reporting structure is effected	Training	Finance		Ronald Ntokoza Hlongwa	
	Quarterly submission of SDBIP reports	Quarterly submission of SDBIP reports	Quarterly submission of SDBIP reports	Quarterly submission of SDBIP reports	Quarterly submission of SDBIP reports	Quarterly submission of SDBIP reports	Quarterly submission of SDBIP reports	Quarterly submission of SDBIP reports			Finance		Ronald Ntokoza Hlongwa	
	N/A	N/A	N/A	N/A	N/A	N/A	100 % resolved audit queries	100 % resolved audit queries			Finance		Ronald Ntokoza Hlongwa	
	3 Monthly departmental meetings	3 Monthly departmental meetings	3 Monthly departmental meetings	3 Monthly departmental meetings	3 Monthly departmental meetings	3 Monthly departmental meetings	3 Monthly departmental meetings	3 Monthly departmental meetings			Finance		Ronald Ntokoza Hlongwa	

# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

## Service Delivery And Budget Implementation Plan-budget & Treasury Department - 2011/12

IDP Indicator No.	National KPA	IDP Objective	Explanation of Ratios / KPI's	Strategic Objective	Status	Source	Measurable Objective/ Output	Frequency	Key Performance Indicator	Baseline indicator 2011/12	Annual Target	Budget	Vote Number	
	<b>GOOD GOVERNANCE</b>	Audit Committee		To ensure that the audit committee sit for financial review of the municipality			Follow meeting timetable	Quarterly	number of Meetings of the Audit Committee	4	4	0		
	<b>Municipal Financial Viability and Management</b>	Creditors		To pay creditors within 30 days			Creditors Ageing listing	Monthly	Creditors days	66%	75%	0		
		Service debtors		To monitor the financial viability of the Mandeni Municipality			Municipal Task Team and Debt Recovery turnaround Strategy	Monthly	Outstanding Service Debtors to Revenue as defined in the Municipal Planning and Performance Management Regulations (2001) (A=B/C)	66%	75%	0		
		Budget Monitoring		To inform Departments of Budget performance monthly			Monthly Submission of variance report to HOD's	Monthly	Number of submission of variance reports to HOD's	12	12	0		

Service Delivery And Budget Implementation Plan-budget & Treasury Department - 2011/12

	Quarterly Ending 30 September 2011		Quarter Ending 31 December 2011		Quarter Ending 30 March 2012		Quarter Ending 30 June 2012		Comments Explanation of variance	Corrective Measure	Responsibility			Local Municipality affected
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual			Dept	Section	Individual	
	Quarterly sitting of audit committee meeting	Quarterly sitting of audit committee meeting	Quarterly sitting of audit committee meeting	Quarterly sitting of audit committee meeting	Quarterly sitting of audit committee meeting	Quarterly sitting of audit committee meeting	Quarterly sitting of audit committee meeting	Quarterly sitting of audit committee meeting			Finance		Ronald Ntokoza Hlongwa	
	30 days creditors ageing	30 days creditors ageing	30 days creditors ageing	30 days creditors agieng	30 days creditors ageing	30 days creditors ageing	30 days creditors ageing	30 days creditors ageing			Finance		Ronald Ntokoza Hlongwa	
	60%	67.42	65%	101.23	70%	112.60	75%				Finance		Ronald Ntokoza Hlongwa	
	3 monthly submission	3 monthly submission	3 monthly submission	3 monthly submission	3 monthly submission	3 monthly submission	3 monthly submission	3 monthly submission			Finance		Ronald Ntokoza Hlongwa	

# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

## Service Delivery And Budget Implementation Plan-budget & Treasury Department - 2011/12

IDP Indicator No.	National KPA	IDP Objective	Explanation of Ratios / KPI's	Strategic Objective	Status	Source	Measurable Objective/ Output	Frequency	Key Performance Indicator	Baseline indicator 2011/12	Annual Target	Budget	Vote Number	
	<b>Municipal Financial Viability and Management</b>	Revenue Enhancement		To enhance revenue and to ensure financial viability and sustainability for Mandeni Municipality			PRA/ Refuse collection and Electricity	Monthly	Percentage of revenue collected	78%	80%	0		
		2011/12 Finance strategic session deliverables		To formulate and implement revenue enhancement strategy			FPC sub-committee ensuring successful implementation of strategy	Quarterly	Full attendance to all items of strategy		100%	0		
		Indigent Register		To update and have an approved indigent register for implementation			Consult with ward Councillors	Annually	Approved indigent register	100%	100%	0		
		Salaries payments		For effective performance of the Council, all personnel to be paid on due dates monthly.			Monthly Review Salary Suspence Acc	Monthly	Cleared salary suspence - monthly clearance	12	12	0		

Service Delivery And Budget Implementation Plan-budget & Treasury Department - 2011/12

	Quarter Ending 30 September 2011		Quarter Ending 31 December 2011		Quarter Ending 30 March 2012		Quarter Ending 30 June 2012		Comments Explanation of variance	Corrective Measure	Responsibility			Local Municipality affected
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual			Dept	Section	Individual	
	78%	67%	79%	101%	79%	113%	80%				Finance		Ronald Ntokoza Hlongwa	
	N/A		Setting up institutional arrangements	Setting up institutional arrangements	50% success in implementation	50% success in implementation	100% success in implementation				Finance		Ronald Ntokoza Hlongwa	
	3 Monthly salary clearance	3 Monthly salary clearance	3 Monthly salary clearance	3 Monthly salary clearance	3 Monthly salary clearance	3 Monthly salary clearance	3 Monthly salary clearance	3 Monthly salary clearance			Finance		Ronald Ntokoza Hlongwa	
	N/A	N/A	N/A	N/A	N/A	N/A	Approved register for 2011/2012- 100.00%,				Finance		Ronald Ntokoza Hlongwa	

## CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

### Service Delivery And Budget Implementation Plan-budget & Treasury Department - 2011/12

IDP Indicator No.	National KPA	IDP Objective	Explanation of Ratios / KPI's	Strategic Objective	Status	Source	Measurable Objective/ Output	Frequency	Key Performance Indicator	Baseline indicator 2011/12	Annual Target	Budget	Vote Number	
	<b>Municipal Financial Viability and Management</b>	Cash flow monitoring		To have sufficient cash to meet obligation and surplus cash invested.			Review cash flow monthly	Monthly	Signed bank statement - Review Cash Flow	12	12	0		
		Positive cash flow forecast		To strive by all means possible to reflect positive cash flow forecast for the year			Prepare monthly forecast	Monthly	Number of positive Cash flow forecast schedules	12	12	0		
		Conditional Grants		To reconcile conditional grants on its use and report on its status to relevant funder			Review report submission monthly	Monthly	DoRA Reports - Monthly reports	12	12	0		



Service Delivery And Budget Implementation Plan-budget & Treasury Department - 2011/12

	Quarter Ending 30 September 2011		Quarter Ending 31 December 2011		Quarter Ending 30 March 2012		Quarter Ending 30 June 2012		Comments Explanation of variance	Corrective Measure	Responsibility			Local Municipality affected
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual			Dept	Section	Individual	
	3 Monthly bank reconciliation	3 Monthly bank reconciliation	3 Monthly bank reconciliation	3 Monthly bank reconciliation	3 Monthly bank reconciliation	3 Monthly bank reconciliation	3 Monthly bank reconciliation	3 Monthly bank reconciliation			Finance		Ronald Ntokozi Hlongwa	
	3 Monthly cash flow	3 Monthly cash flow	3 Monthly cash flow	3 Monthly cash flow	3 Monthly cash flow	3 Monthly cash flow	3 Monthly cash flow	3 Monthly cash flow			Finance		Ronald Ntokozi Hlongwa	
	3 Monthly unspent grant report	3 Monthly unspent grant report	3 Monthly unspent grant report	3 Monthly unspent grant report	3 Monthly unspent grant report	3 Monthly unspent grant report	3 Monthly unspent grant report	3 Monthly unspent grant report			Finance		Ronald Ntokozi Hlongwa	



## 4.2 TECHNICAL SERVICES

Technical Services is primarily responsible for the maintenance, upgrade and provision of new municipal infrastructure assets and service delivery. It consists of the following divisions, viz.:

- ⚙ Technical Administration and Projects
- ⚙ Roads and Storm Water Repairs and Maintenance
- ⚙ Solid Waste Management
- ⚙ Parks, Verges and Open Spaces Maintenance
- ⚙ Municipal Buildings Repairs and Maintenance
- ⚙ Electricity Distribution
- ⚙ Mechanical Plant, Vehicle Fleet and Workshop

### PERFORMANCE HIGHLIGHTS

- ⚙ Concluded the construction of Masomonce Taxi Route (ward 10).
- ⚙ Concluded the construction of the new Sibusisiwe Community Centre and Upgrade and Improvement to Thokoza Road Linkage under the Neighbourhood Development Partnership Grant (NDPG) Programme and obtained project approval for the CBD Upgrade Project.
- ⚙ Rehabilitated 25076 m of internal roads (Kingfisher Road, Whimbrel Road, Portion of Bumbanani Road).
- ⚙ Commenced with the upgrade of 5 km of roads in Sundumbili Township under the Sundumbili Roads Upgrade Programme Phase 6.
- ⚙ Commenced with the construction of Inyoni Taxi Route Phase 1 under the Inyoni Housing Project.
- ⚙ Installed 73 new streetlights and repaired 505 streetlights.

# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

## Performance against Strategic Objectives - SDBIP

National Kpa				Basic Service Delivery				Status And Comments
				2010/2011		2011/2012		
KPA	Strategic/ Idp Objective	KPI	Budget	Target	Actual	Target	Actual	
Basic Service Delivery	To ensure externally and internally funded capital projects are planned and implemented successfully in order to provide every household with basic infrastructure for socio-economic development.	1) Register project 2) Design 3) Procure Contractor 4) Appoint Contractor 5) Construct Road	R4,659,840 (Establish Taxi Route in support of Inyoni Housing Project) Ward 10	1) Appoint Professional Service Provider 2) Register Project with MIG 3) Design 4) Commence Procurement of Contractor	1) Appointed Professional Service Provider 2) Registered Project with MIG 3) Designed Road 4) Commenced Procurement of Contractor	1) Appoint Contractor 2) Commence with Construction	1) Appointed Contractor 2) Commenced with construction and built the road up to base course level.	
		1) Register project 2) Design 3) Procure Contractor 4) Appoint Contractor 5) Construct Road	R16,795,849 (Upgrade of Sundumbili Township Roads Phase 6) Wards 7,13,14,15	1) Appoint Professional Service Provider 2) Register Project with MIG 3) Commence with Design of roads	1) Appointed Professional Service Provider 2) Registered Project with MIG 3) Commenced with Design of roads	1) Conclude designs and procure contractor to build the roads 2) Commence with construction of roads	1) concluded designs and appointed contractor to build the roads. 2) Commenced with the construction of the roads	
		1) Register project 2) Design 3) Procure Contractor 4) Appoint Contractor 5) Construct Road	R12, 659m (Masomonce Bus/Taxi Route)Ward 10	1) Conclude EIA Process 2) Finalise Design 3) Procure Contractor 4) Apply for and obtain AFA 5) Appoint Contractor 6) Commence construction	1) Concluded EIA Process 2) Finalised Design 3) Procured Contractor 4) Applied for and obtained AFA approval from MIG 5) Appointed Contractor 6) Commenced construction	1) Conclude Construction of road	1) Conclude Construction of road	

### Performance against Strategic Objectives - SDBIP

National Kpa				Basic Service Delivery				Status And Comments
				2010/2011		2011/2012		
KPA	Strategic/ Idp Objective	KPI	Budget	Target	Actual	Target	Actual	
Basic Service Delivery	To ensure externally and internally funded capital projects are planned and implemented successfully in order to provide every household with basic infrastructure for socio-economic development.	1) Appoint professional Service Providers 2) Do investigations 3) Prepare Business Case 4) Obtain approval and spend on Capital Grant	R43m (Sundumbili Township Regeneration Programme)	1) Conclude construction of Sundumbili Sport Precinct 2) Commence construction of Sibusisiwe Community Centre 3) Finalise cancellation of Thokoza Road contract and procure new contractor and commence construction	1) Concluded construction of Sundumbili Sport Precinct 2) Commenced construction of Sibusisiwe Community Centre 3) Finalised cancellation of Thokoza Road contract and procured new contractor and commenced construction	1) Conclude construction of Subusisiwe Community Centre 2) Conclude construction of Thokoza Road Linkage	1) Concluded construction of Subusisiwe Community Centre 2) Concluded construction of Thokoza Road Linkage	
		Rehabilitate Mandeni internal roads (wards 3 & 14)	R5,3 m	1) Appoint Professional Service Provider 2) Design 4) Commence Procurement of Contractor	1) Appointed Professional Service Provider 2) Designed roads 4) Commence Procurement of Contractor	1) Appoint Contractor 2) Rehabilitate 20 000 m_ of internal roads	1) Appointed Contractor 2) Rehabilitated 25 076 m_ of internal roads	
	To develop an Integrated Waste Management Plan for the Municipality and implement it	Reduce Backlog by 2000 households pa		1) Adopt IWMP and By-laws 2) Eradicate backlogs by 2000HH	1) Adopted IWMP and By-laws 2) Eradicated backlogs by 2023 HH	Eradicate backlogs by 2000 HH	Eradicated backlogs by 769 HH	Contractor failed to perform

# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

## Service Delivery And Budget Implementation Plan 2011/2012 - Technical Services Department

National KPA's	IDP Objective (Annexure A: Strategic Framework Matrix, Page 31)	Departmental Objective	Status	Municipal Strategies	Baseline indicator	Key Performance Indicator	Annual Target	Budget	Vote Number	Quarter ending 30 September 2011		
										Projected	Actual	
Basic Service Delivery	To improve maintenance of existing infrastructure and speed up provision of new infrastructure services to ensure that the community has access to basic services	A4: Provide Access and Basic Road Infrastructure to every household within the Municipal area	core	Repair and maintain roads and clean and repair stormwater drains/systems and develop new/ upgrade existing road infrastructure with associated stormwater	<ul style="list-style-type: none"> <li>4193m<sup>2</sup> of road repaired/ maintained.</li> <li>161m of storm Water Drains cleaned/ repaired/ maintained.</li> <li>2000m of Kerb edges cleaned</li> <li>72m of sidewalk repaired/ maintained</li> <li>312 km of gravel roads repaired/ maintained</li> </ul>	<ul style="list-style-type: none"> <li>Square meters of blacktop roads repaired/ maintained</li> <li>meters of stormwater drains cleaned and repaired</li> <li>metres of kerb edges cleaned</li> <li>metres of surfaced sidewalks repaired/ maintained</li> <li>kilometres of gravel roads maintained by blading</li> <li>kilometres of gravel roads repaired by regravelling</li> </ul>	<ul style="list-style-type: none"> <li>10000m<sup>2</sup> of road repaired/ maintained.</li> <li>200m of storm Water Drains cleaned/repaired/ maintained.</li> <li>2000m of Kerb edges cleaned</li> <li>80m of sidewalk repaired/ maintained</li> <li>300 km of gravel roads bladed</li> <li>30 km of gravel roads regravelled</li> </ul>	3,500,000	1045	1750m <sup>2</sup> 50m 500m 20m 75km 7,5 km	2680m <sup>2</sup> 40m 620m 20m 31,5km 16,7 km	
					12 programmes	maintenance programme for roads and storm water and sidewalk	1 programme per month			3 programmes	3 programmes	
					Contractor Appointed	Conclude construction of the road	Masomonce Bus Route constructed	9,721,755	1045	Road constructed to sub-base course level	Road construction is at sub-base course level	



### Service Delivery And Budget Implementation Plan 2011/2012 - Technical Services Department

	Quarter ending 31 December 2011		Quarter ending 31 March 2012		Quarter ending 30 June 2012		Explanation of variance/ comments	Corrective measures	Responsibility			Locality	Portfolio of Evidence Reference No.
	Projected	Actual	Projected	Actual	Projected	Actual			Dept	Section	Individual		
	1750m <sup>2</sup> 50m 500m 20m 75km 7,5 km	5200m <sup>2</sup> 80m 588m 30m 109.8km 22.9 km	3250m <sup>2</sup> 50m 500m 20m 75km 7,5 km	4869m <sup>2</sup> 170m 1730m 37m 107.7km 18.4 km	3250m <sup>2</sup> 50m 500m 20m 75km 7,5 km	7000m <sup>2</sup> 150m 870m 28m 45km 9 km	quarterly target for gravel road blading not met however annual target exceeded.	N/A	Technical Services Department	Roads and Storm Water	Acting Manager: Civil O & M and Director: Technical Services	All Wards	
	3 programmes	3 programmes	3 programmes	3 programmes	3 programmes	3 programmes							
	Road constructed to base-course level and sealed with premix	Road constructed to base-course level and sealed with premix	Road construction complete and Certificate of completion issued to contractor	Road construction complete and Certificate of completion issued to contractor	N/A	N/A						Ward 10	

# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

## Service Delivery And Budget Implementation Plan 2011/2012 - Technical Services Department

National KPA's	IDP Objective (Annexure A: Strategic Framework Matrix, Page 31)	Departmental Objective	Status	Municipal Strategies	Baseline indicator	Key Performance Indicator	Annual Target	Budget	Vote Number	Quarter ending 30 September 2011		
										Projected	Actual	
Basic Service Delivery	To improve maintenance of existing infrastructure and speed up provision of new infrastructure services to ensure that the community has access to basic services	A4: Provide Access and Basic Road Infrastructure to every household within the Municipal area	core	Repair and maintain roads and clean and repair stormwater drains/systems and develop new/ upgrade existing road infrastructure with associated stormwater	Phase 4 and 5 complete	Commence with the upgrade 5 km of gravel roads to blacktop under Sundumbili Roads Upgrade Programme: Phase 6.	5km road upgrade under construction	8,132,608	1045	Design roads and prepare tender documentation and advertise tender	Roads designed, tender documents prepared and tender advertised	
					Professional Service Provider procured	Square meters of surfaced roads resealed	20 000 m <sup>2</sup>	6,000,000	1045	Design roads and prepare tender documentation and advertise tender	Roads designed, tender documents prepared and tender advertised	
					Preliminary designs done	Progress made in the construction of Inyoni Taxi Route Ph1	Inyoni Taxi Route Phase 1 constructed to sub-base course level	4,659,840	1043	Procure contractor	Awaiting AFA approval from MIG before finally appointing contractor	
					10 tonne roller acquired	Equipment for road repair and maintenance purchased	• 1 x bomag roller	100,000	1043	N/A	N/A	

### Service Delivery And Budget Implementation Plan 2011/2012 - Technical Services Department

	Quarter ending 31 December 2011		Quarter ending 31 March 2012		Quarter ending 30 June 2012		Explanation of variance/ comments	Corrective measures	Responsibility			Locality	Portfolio of Evidence Reference No.
	Projected	Actual	Projected	Actual	Projected	Actual			Dept	Section	Individual		
	tender closed and adjudicated	Tender closed and adjudicated and award under objection period	Contract awarded and contractor on site constructing roads	Contract awarded and construction commenced	Roads under Construction	Roads under construction	quarterly target for gravel road blading not met however annual target exceeded.	N/A	Technical Services Department	Roads and Storm Water	Acting Manager: Civil O & M and Director: Technical Services	Wards 7,13,14,15	
	Adjudicate, award contract and commence with construction works	Contract awarded and construction commenced	20 000 m <sup>2</sup> of Mandeni Internal Roads Resealed	25 076 m <sup>2</sup> of Mandeni Internal Roads Resealed	Works complete and completion certificate issued	Works completed and completion certificate issued						Wards 3,14	
	Hand over site for construction	Site handed over and construction commenced	Road constructed to sub-grade level	Road constructed to sub-grade level	Road constructed to sub-base course level	Road constructed to sub-base course level						Ward 10	
	N/A	N/A	1 Bomag Roller	not achieved	Nil	Nil	Funds not available	To carry over into the next financial year				All wards	

# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

## Service Delivery And Budget Implementation Plan 2011/2012 - Technical Services Department

National KPA's	IDP Objective (Annexure A: Strategic Framework Matrix, Page 31)	Departmental Objective	Status	Municipal Strategies	Baseline indicator	Key Performance Indicator	Annual Target	Budget	Vote Number	Quarter ending 30 September 2011		
										Projected	Actual	
Basic Service Delivery	To improve maintenance of existing infrastructure and speed up provision of new infrastructure	A3: To avoid the power outages due to deterioration of electricity reticulation network	core	Repair and maintain electricity reticulation network and repair defective streetlights within municipal licensed distribution area.	6 unplanned outages for the year on municipal licensed network  115 streetlights repaired in licensed area  15 new streetlights	Minimum number of unplanned power outages per year on municipal licensed network	on average not more than 12 unplanned power outages per year	6,163,209	3011	Not more than 3 unplanned outages for the quarter	3 unplanned power outages	
						no. of streetlights repaired and maintained	120 streetlights			30	24	
						Provide new service connections within municipal licensed network within 48 hours of receiving instruction	provide new service connection within 48 hours of receiving instruction			new connection within 48 hours	No new service connection applied for	
						no. of new streetlights installed	25 new streetlights installed	200,000		0	12	

Service Delivery And Budget Implementation Plan 2011/2012 - Technical Services Department

	Quarter ending 31 December 2011		Quarter ending 31 March 2012		Quarter ending 30 June 2012		Explanation of variance/ comments	Corrective measures	Responsibility			Locality	Portfolio of Evidence Reference No.
	Projected	Actual	Projected	Actual	Projected	Actual			Dept	Section	Individual		
	Not more than 3 unplanned outages for the quarter	5 unplanned power outages	Not more than 3 unplanned outages for the quarter	0 unplanned power outage	Not more than 3 unplanned outages for the quarter	1 Unplanned power outage			Technical Services Department	electricity	Senior Electrician	Mandeni Township which is the licensed area.	
	30	66	30	238	30	177	Target exceeded due to increased artisan support via DBSA training programme	N/A					
	new connection within 48 hours	No new service connection applied for	new connection within 48 hours	1 new connection applied for and provided within 48 hours	new connection within 48 hours	1 new connection applied for and provided within 48 hours							
	5	42	10	12	10	7	quarterly target not met however annual target exceeded	N/A					

# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

## Service Delivery And Budget Implementation Plan 2011/2012 - Technical Services Department

National KPA's	IDP Objective (Annexure A: Strategic Framework Matrix, Page 31)	Departmental Objective	Status	Municipal Strategies	Baseline indicator	Key Performance Indicator	Annual Target	Budget	Vote Number	Quarter ending 30 September 2011		
										Projected	Actual	
Basic Service Delivery	To develop an integrated waste management plan for the Municipality which will ensure all waste in the area is addressed	A6: To provide all households and business with waste collection and disposal service	core	provide waste collection and disposal service to all communities	To be determined during this year to form baseline for next year. Number of households and business provided with solid waste collection and disposal service	Provide all customers on system with service paid for.	Uninterrupted service provision to all customers as per level of service paid for.	7,867,248	2011	uninterrupted service as per level of service	achieved	
						reduce backlog of number of households receiving refuse collection and disposal service	reduce backlog by 2000 households			0	Ordered communal bins, awaiting delivery	
Basic Service Delivery	To ensure that all Municipal buildings and community facilities are maintained and kept in a safe and usable condition and prolong the lifespan of the structures	To ensure that all council owned buildings are maintained in good working condition for the use of the community and municipality	core	Prepare a maintenance programme for all buildings owned and operated by the Municipality	baseline to be determined during this year to form next years basis	maintenance and repair programme to ensure proper management of the assets	monthly maintenance and repair programme	500,000	1042	3 programmes	3 programmes	
				repair, replace and maintain all airconditioning equipment in municipal buildings		Annual Repairs, replacement and maintenance plan.	annual repair, replacement and maintenance plan prepared and implemented	270,000	1042	1 Plan	achieved	
				To acquire tools and equipment to safely carry out the work		Purchase scaffolding equipment for accessing heights on buildings during repairs and maintenance	1 set of scaffolding	30,000		0	0	

### Service Delivery And Budget Implementation Plan 2011/2012 - Technical Services Department

	Quarter ending 31 December 2011		Quarter ending 31 March 2012		Quarter ending 30 June 2012		Explanation of variance/ comments	Corrective measures	Responsibility			Locality	Portfolio of Evidence Reference No.
	Projected	Actual	Projected	Actual	Projected	Actual			Dept	Section	Individual		
	uninterrupted service as per level of service	achieved	uninterrupted service as per level of service	achieved	uninterrupted service as per level of service	achieved			Technical Services Department	Solid Waste Management Section	Assistant Manager and Director	whole area of Mandeni	
	0	ordered skips	0	ordered skips, awaiting delivery	2000 additional households provided with basic level of service	769	Service provider failed to deliver and place skips on site	To enforce conditions of contract and address shortfall in next financial year					
	3 programmes	3 programmes	3 programmes	3 programmes	3 programmes	3 programmes			Technical Services Department	Buildings	Assistant Manager and Director	whole area of Mandeni	
	implementation of plan	achieved	N/A	N/A	N/A	N/A					Senior Electrician		
	1 set of scaffolding purchased	1 set of scaffolding purchased	0	0	0	0					Assistant Manager and Director		



# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

## Service Delivery And Budget Implementation Plan 2011/2012 - Technical Services Department

National KPA's	IDP Objective (Annexure A: Strategic Framework Matrix, Page 31)	Departmental Objective	Status	Municipal Strategies	Baseline indicator	Key Performance Indicator	Annual Target	Budget	Vote Number	Quarter ending 30 September 2011		
										Projected	Actual	
Basic Service Delivery	To ensure that all verges, parks, open spaces and recreational facilities are kept clean and tidy	A6: To keep the town clean and tidy to make it appealing to settlement and investors	core	cut the vegetation on verges, open spaces, parks and recreational facilities and keep clean and tidy	Vegetation cut 6 times pa	Vegetation in verges and open spaces cut regularly	6 cuts for the year	1,000,000	1044	1 time	1 time	
						Equipment Purchased	4 x brushcutters	30,000	1044	0	0	
Basic Service Delivery	To ensure all externally and internally funded capital projects are planned and implemented timeously	A4: To provide every household with basic infrastructure for socio-economic activities	core	to ensure all funds are spent on time and more funding is applied for and provision is made for O&M for sustainability	Monthly cashflow and expenditure reports in terms of DORA to MIG	Plan and implement projects and ensure reporting in terms of DORA	Monthly cash flows and dora reports	21,152,000	1041	3 cash flows 3 reports	achieved	
				To ensure rollout of NDGP Awarded Project for Sundumbili Township Regeneration	Commenced with implementation of 3 capital "quick win" projects	Submit final business plan to the Funders for approval and prepare and submit project proposals based on the approved business plan for consideration	Submit main business plan to funders and submit project implementation plan for CBD Upgrade Project and obtain approval.	14,700,000		Nil	Nil	
						Conclude implementation of 3 approved projects under NDGP award	Upgrade and Improvement of Thokoza Road Linkage Project completed	15,000,000		N/A	N/A	

### Service Delivery And Budget Implementation Plan 2011/2012 - Technical Services Department

	Quarter ending 31 December 2011		Quarter ending 31 March 2012		Quarter ending 30 June 2012		Explanation of variance/ comments	Corrective measures	Responsibility			Locality	Portfolio of Evidence Reference No.
	Projected	Actual	Projected	Actual	Projected	Actual			Dept	Section	Individual		
	2 times	3 times	2 times	1 time	1 time	0	Budget constraint	to cut in the next financial year	Technical Services Department	parks and gardens	Assistant Manager and Director	whole area of Mandeni	
	0	0	4 x brushcutters	5 x brushcutters	0	0							
	3 cash flows 3 reports	achieved	3 cash flows 3 reports	achieved	3 cash flows 3 reports	achieved			Technical Services Department	Technical Administration	Director	whole area of Mandeni	
	Submit Main business case to the NDP Unit	Main Business case submitted to the NDP Unit	Submit Project Implementation Plan for CBD Upgrade Project and obtain approval	Submitted Project Implementation Plan for CBD Upgrade Project and obtained approval	N/A	N/A							
	N/A	N/A	Project Completed	project completed and completion certificate issued	N/A	N/A							

# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

## Service Delivery And Budget Implementation Plan 2011/2012 - Technical Services Department

National KPA's	IDP Objective (Annexure A: Strategic Framework Matrix, Page 31)	Departmental Objective	Status	Municipal Strategies	Baseline indicator	Key Performance Indicator	Annual Target	Budget	Vote Number	Quarter ending 30 September 2011		
										Projected	Actual	
Basic Service Delivery	To ensure all externally and internally funded capital projects are planned and implemented timeously	A4: To provide every household with basic infrastructure for socio-economic activities	core	To ensure rollout of NDGP Awarded Project for Sundumbili Township Regeneration	Commenced with implementation of 3 capital "quick win" projects	Conclude implementation of 3 approved projects under NDGP award	Sundumbili Sport Precinct Project completed	10,000,000	1044	Completion certificate issued	Completion certificate issued	
							Upgrade of Sibusisiwe Community Facility Project Completed	18,000,000		N/A	N/A	
Municipal financial viability and management	To ensure that all Municipal vehicles, plant & equipment are maintained and kept in a safe and usable condition and prolong their lifespan	C3: Provide all departments with the necessary transport and mechanical equipment to be able to carry out their functions effectively and efficiently	non-core	Ensure all drivers comply with the vehicle policy. Ensure vehicles are not abused. Ensure timeous repair and maintenance carried out.	Monthly logbooks and Trip authorities to control usage	log books and trip authorities kept for vehicle trips	trip logbooks and trip authority per vehicle.	1,910,829	1043	3 months Trip logs and trip authority per vehicle	achieved	
Municipal institutional development and transformation	To build capacity, perform powers and functions to be able to deliver services as per mandate	D: To have a fully fledged department to ensure service delivery	non-core	upskill and multiskill staff,	number of staff trained	number of staff sent on training in line with WSP	5staff trained	2,500,000		0	3	

### Service Delivery And Budget Implementation Plan 2011/2012 - Technical Services Department

	Quarter ending 31 December 2011		Quarter ending 31 March 2012		Quarter ending 30 June 2012		Explanation of variance/ comments	Corrective measures	Responsibility			Locality	Portfolio of Evidence Reference No.
	Projected	Actual	Projected	Actual	Projected	Actual			Dept	Section	Individual		
	Final completion certificate issued	Final completion certificate issued	N/A	N/A	N/A	N/A			Technical Services Department	Technical Administration	Director	whole area of Mandeni	
	N/A	N/A	Completion certificate issued	Completion certificate issued	Final completion certificate issued	Final completion certificate issued							
	3 months Trip logs and trip authority per vehicle	achieved	3 months Trip logs and trip authority per vehicle	achieved	3 months Trip logs and trip authority per vehicle	achieved			Technical Services Department	Mechanical workshop	Assistant Manager and Director	whole area of Mandeni	
	0	11	0	13	5	2	target not met for the quarter but annual target exceeded	N/A					

# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

## Service Delivery And Budget Implementation Plan 2011/2012 - Technical Services Department

National KPA's	IDP Objective (Annexure A: Strategic Framework Matrix, Page 31)	Departmental Objective	Status	Municipal Strategies	Baseline indicator	Key Performance Indicator	Annual Target	Budget	Vote Number	Quarter ending 30 September 2011		
										Projected	Actual	
Local Economic Development	To establish economic growth and development on all economic sectors with a particular emphasis on tourism, manufacturing, agriculture and services.	B: To decrease unemployment and poverty	non-core	Fastrack development of the town in a sustainable way	Maximum usage of local labour on all capital projects	Specification of maximum use of local labour on capital construction projects implemented	all contract documentation to provide for employment of local labour			all contract documentation to provide for employment of local labour	achieved	
					New informal trader stalls at the CBD: Phase 1	Sign MOA for funding for Informal Trader Stalls Ph 2	Signed MOA	1,716,200		N/A	N/A	
Good governance and public participation	To be transparent and democratic and compliant	Ensure stakeholder consultation and compliance	non-core	consultation, compliance	Project Steering Committee on all projects	Project steering Committee for all projects.	ensure project steering committees on all projects			Project Steering Committee on Projects	achieved	
	To co-ordinate among service providers the installation of infrastructure to ensure integration					Quarterly Meetings held with other service providers in the area to facilitate service provision to the community	1 meeting per quarter			1 meeting held	1 meeting held	

Service Delivery And Budget Implementation Plan 2011/2012 - Technical Services Department

	Quarter ending 31 December 2011		Quarter ending 31 March 2012		Quarter ending 30 June 2012		Explanation of variance/ comments	Corrective measures	Responsibility			Locality	Portfolio of Evidence Reference No.
	Projected	Actual	Projected	Actual	Projected	Actual			Dept	Section	Individual		
	all contract documentation to provide for employment of local labour	achieved, reported to EPWP, increased wage rate	all contract documentation to provide for employment of local labour	achieved plus reporting on EPWP MIS	all contract documentation to provide for employment of local labour.	achieved							
	N/A	N/A	N/A	N/A	Signed MOA	Signed MOA							
	Project Steering Committee on Projects	achieved	Project Steering Committee on Projects	achieved	Project Steering Committee on Projects	achieved							
	1 meeting held	1 meeting held	1 meeting held	1 meeting held	1 meeting held	1 meeting							

# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

## Service Delivery And Budget Implementation Plan 2011/2012 - Technical Services Department

National KPA's	IDP Objective (Annexure A: Strategic Framework Matrix, Page 31)	Departmental Objective	Status	Municipal Strategies	Baseline indicator	Key Performance Indicator	Annual Target	Budget	Vote Number	Quarter ending 30 September 2011		
										Projected	Actual	
Local Economic Development	To establish economic growth and development on all economic sectors with a particular emphasis on tourism, manufacturing, agriculture and services.	B: To decrease unemployment and poverty	non-core	Fastrack development of the town in a sustainable way	Maximum usage of local labour on all capital projects	No. jobs created on projects	all contract documentation to provide for employment of local labour. 100 local people employed on capital and maintenance works	1,716,200		all contract documentation to provide for employment of local labour	achieved	
					New informal trader stalls at the CBD	Sign MOA for funding and commence with procurement	Signed MOA; Procurement process commenced					
Good governance and public participation	To be transparent and democratic and compliant	Ensure stakeholder consultation and compliance	non-core	consultation, compliance	stakeholder meetings. baseline to be determined during this year to form next years basis	Project steering Committee for all projects.	ensure project steering committees on all projects				achieved	
	To co-ordinate among service providers the installation of infrastructure to ensure integration						Hold meetings with other service providers to co-ordinate infrastructure development (eskom, IDM, DOT,)			1 meeting held	met with IDM	



Service Delivery And Budget Implementation Plan 2011/2012 - Technical Services Department

	Quarter ending 31 December 2011		Quarter ending 31 March 2012		Quarter ending 30 June 2012		Explanation of variance/ comments	Corrective measures	Responsibility			Locality	Portfolio of Evidence Reference No.
	Projected	Actual	Projected	Actual	Projected	Actual			Dept	Section	Individual		
	all contract documentation to provide for employment of local labour	achieved, reported to EPWP, increased wage rate	all contract documentation to provide for employment of local labour	achieved plus reporting on EPWP MIS	all contract documentation to provide for employment of local labour. 100 local people employed on the projects								
			signed MOA	obtained council approval, awaiting MOA from funders	Procurement process commenced		delay in receiving MOA from funders	to conclude in the next quarter					
		achieved		achieved	ensure project steering committees on all projects								
	1 meeting held	Met with IDM, KZNDOT and ESKOM	1 meeting held	Met with IDM	1 meeting held								





### 4.3 COMMUNITY SERVICES

The Community Services Department has the following sections:

- ⚙ Health Services
- ⚙ Library Services
- ⚙ Social Services
- ⚙ Community Development
- ⚙ Youth Affairs

#### PERFORMANCE HIGHLIGHTS FOR 2011/2012

##### A. HEALTH SERVICES

During TB Month (March) : the below listed schools were visited as part of the outreach programmes

- ⚙ Mgandeni High School = 242 (Culture 82)
- ⚙ Tshana = 462 Culture (154)
- ⚙ Sola = 95
- ⚙ Gcwalamoya = 857

**Door to door campaign** was conducted in Masomonco area and thirty two (32) people were tested for TB as part of the Operation Sukuma Sakhe Programme

TB awareness was successful conducted by Tau Tau Project at Ohwebede Primary School with a magnitude of more than 200 learners on Friday; 23rd March 2012

**MMC:** The number of people undergoing Male Medical Circumcision (MMC) to curb HIV/AIDS is increasing significantly; most young people have done MMC and which symbolises that the community is well educated on HIV/AIDS related issues.

**Mom and baby edushow:** This event was held at Ohwebede Clinic in May 2012 and aimed at empowering mothers and communities to reduce child mortality.

Topics covered were as follows;

- ⚙ Family planning (more emphasis was given to teenagers )
- ⚙ Ante natal care (Early booking)
- ⚙ PMTCT programme including infant and child nutrition
- ⚙ Immunisation programme.PCV3 and H1N1 were involved
- ⚙ Hand hygiene and good hygiene habits

##### B. LIBRARY SERVICES

This section plays a meaningful role in:

- uplifting and developing our community through disseminating knowledge and information; and
- is as useful resource to the local schools in Mandeni area.

##### ⚙ Cybercafé

The access to computers with the internet in Sundumbili Library has made the difference to community members especially the Unemployed Youth, who search for jobs through the internet and bursaries. Some of the Libraries users have received bursaries through the bursary information provided by the Libraries, and some have found jobs. We have received a positive feedback by the Library users, who are using our computers, however due to the limited number of computers we have, we are unable to satisfy everybody. In addition, we have assisted number of students to register online with UNISA for the second semester. There have been computer literacy classes for young people, and the learners from Ubuhlebesundumbili Primary, although there were challenges which hindered the progress of the programme, young people benefited from it.

##### ⚙ Donations

On the 13/09/11 the Municipality received a donation voucher worth R20000 to purchase books at Exclusive bookshops in Durban. Both Libraries were each benefited with R10000 voucher to buy books as part of Sappi initiatives to sponsor libraries that are situated within the area.

##### ⚙ Library Activities

The shortage of staff in the Libraries Section has a negative effect to outreach programmes and other programmes in general. On the 19 October 2011 to 20 October 2011 Library section formed partnership with the Joint Aviation Awareness Programmes from the National Department of Transport in visiting high schools in particularly grade 12. The Aviation industry deals with the Air Transport and the aim was to promote Careers awareness to the aviation industry in schools, as well as bursary opportunities. It was stressed that there is a shortage of black practitioners in the Aviation Industry such as Aeronautical engineers as well as Pilots, the requirement is Pure Maths, Science and English higher grade level 4, and from the ages of 18 to 25. The Municipality also partnered with Umfolozi College and Love Life in promoting career awareness in schools.

##### ⚙ New initiatives

Libraries have moved from an Old programme Pals to a new web based programme known as Slims, it has presented numerous challenges. However we are gradually getting used to it. Sundumbili Library has received a Head Count System from the Department of Arts and Culture, which aims to count number of people visiting the Library in a day. This is a Department of Arts and Culture initiative to

# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

measure the accessibility of the Public Libraries to the Community. The Gaming @ your Library project has been introduced by the province to Libraries; Sundumbil Library was one of the Libraries which benefited from the province. Equipment for the Gaming @ your Library have been delivered, and will be co-ordinated by Youth Ambassadors

## OUTREACH PROGRAMMES

During the financial year 2011-2012 following schools were visited by Library Section

- ⚙ KwaVusumuzi High School
- ⚙ Isinyabusi High School
- ⚙ Mathubeszwe High School
- ⚙ Isinyabusi High School
- ⚙ Impoqabulunga High School
- ⚙ Khululekani Primary School visited Sundumbili Library as part of Library orientation programme.

## ⚙ Library Membership

- To date our cybercadet has assisted 1902 people on computer literacy training and created 738 emails
- Library membership to date of Mandeni Library is at 3041 whilst Sundumbili Library is 1482

## ⚙ Future Plans

- We are facilitating the Ndulinde Satellite Library Project and the Department of Arts and Culture has committed funds for the programmes to get off the ground.
- Facilitate the appointment of the Cybercadet for Mandeni Library and provision of computers.
- Facilitate for the establishment of the Museum to be built in our Municipality

### C . Social Services

No.	Month	Activities	Remarks
1	JULY 2011	On Sunday; 17 July 2011 during Mandela week some voluntary work led by Mayor Shabalala and men, was done at the Ikhwezi Welfare which involved painting the toilet walls, scrubbing floors, doing the garden and donation of 10 blankets by Mayor.	Done in recognition of Mandela Day
2	AUGUST 2011	Was part of a Provincial imbizo which was hosted by Premier Dr ZL Mkhize in which men were strongly warned against ill discipline which cause women and children to be exposed to social trouble. Same imbizo advocated for izinsizwa zesigodi taking their meaningful roles at ward levels.	Current ward forum launches are a follow up to that call by Premier.
3	SEPTEMBER 2011	- The cultural and heritage activities for the crèches and preschools. - Provincial golden games in PMB on 04 to 06th/09/2011	
4	OCTOBER 2011	On 17 Oct a greening project was taken to Abethu Home whereby the late Mayor Shabalala planted a tree with ten other trees for a newly established home for the vulnerable and orphaned children.	A build up programme for children international day. Trees were SAPPI donation
5	NOVEMBER 2011	On 4 Nov, a strategic planning meeting for people with disabilities was a huge success. During the ceremony terms of reference were given to them.	
6	DECEMBER 2011	- Ikhwezi Cripple Care center Xmas party and handover of certificates on 08/12/2011 - A dialogue between grannies and orphaned children was held on 15 December 2011 and Public & Enterprise Minister Gigaba hosted the function with over 170 food parcels given to beneficiaries.	
7	JANUARY 2012	The intervention to over 16 social cases reported by Hlomendlini caregiver and Premier's office were referred to the Stanger Welfare resulting in many children getting social assistance in partnership with OSS.	A wheel chair was also given to a 12 year old.

## CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

### C. Social Services ...continued

No.	Month	Activities	Remarks
8	FEBRUARY 2012	Secured some financial assistance for a partially blind man, Thembinkosi Dlamini to study computer skills and Braille at the Society for the Blind and Deaf.	A wheel chair was also given to a 12 year old.
9	MARCH 2012	Intervened to assist the Thwalisanani co-operatives for the local people with disabilities.	A challenge is still with the site to be identified for them.
10	APRIL 2012	-Assisted Thenjiwe Ndaba aged 68 years with left CVA who was visited during cabinet Wednesday, she reported poor sight and was found that she has cataract and was referred to Stanger hospital.	Part of Operation Sukuma Sakhe Programme
11	MAY 2012	-Child Awareness Campaign staged at three schools, Mathubeszwe High and Lindayiphi Intermediate and Hlanganani Primary schools. -The sanitary dignity campaign with the help of Health Dept, and two fruit trees left at each school visited with the help of Agriculture. -Ball skills for crèches and preschools at iLembe District level was a huge achievement for sporting development of the young children of Mandeni	The campaign was a huge success through partnership with stage departments. Ball skills were partnered with the Ikhubone Trust.
12	JUNE 2012	Local selection of senior citizens - golden games held at Sundumbili Sports Field	

#### OPERATION SUKUMA SAKHE PROGRAMME

Six (6) houses were built for the needy by the Department of Human Settlement

- ✿ Monica Cele in ward 16
- ✿ Gogo Agnes Makhathini in ward 12
- ✿ Gogo Tinasha Khumalo in ward 12
- ✿ Ncube family in ward 02
- ✿ Mabaso family in ward 08
- ✿ Thabethe (Masango) family in ward 02

The Department has also approved 15 applications for the houses to be built in 2012/2013 for needy families

#### 1. MONICA CELE IN WARD 16 (ISITHEBE AREA)



#### 2. GOGO MAKHATHINI FAMILY IN WARD 12



#### 3. TINASHA KHUMALO FAMILY IN WARD 12





# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

## 4. NCUBE FAMILY IN WARD 02



## 5. MABASO FAMILY IN WARD 08



## 6. THABETHE FAMILY IN WARD 02 (MHLUBULWENI AREA)



## INTERVENTIONS BY DEPARTMENT OF AGRICULTURE

- ⚙ Food security - one home one garden 7108 people benefitted in this programme
- ⚙ Liming - area done 43 ha, people benefitted 95
- ⚙ Mechanization - 49,9 ha & 122 people benefitted
- ⚙ Fencing of community garden - 18 community gardens to the extent of 7 hectares to be fenced and 228 members benefitted
- ⚙ Livestock projects
  - Broiler production - 2 broiler project with 7000 units
  - Egg production - 1 egg production projects with 5000 units
  - Pig production - 2 piggery projects with 50 units
  - Goats project - 50 km
  - Bhekamafa goat project will be fenced

## INTERVENTIONS BY DEPARTMENT OF HOME AFFAIRS

### Venues visited by mobile office from 01 to 16 March 2012

Area/Ward	Id Application	Birth Cert. Application > 15	Birth Cert. Application < 15	Rectification
Ngobamakhosi	26	2	1	1
Dokodweni	30	6	5	0
Ndondakusuka	34	1	1	1
vvutha	4	2	1	0
Tugela Secondary	51	-	-	-
Dokodweni	9	3	9	-

### Summary:

Identity documents applications	=	154
Births under 15 years	=	14
Births over 15 years	=	17
ID distributed	=	6
Rectifications	=	9

### Outreach as from 08 June 2012

Area/Ward	Id Application	Birth Cert. Application > 15	Birth Cert. Application < 15	Rectification
Maziqanqaze sports ground ward	24	2	2	15

## CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

### Outreach as from 15 June 2012

Area/Ward	Id Application	Birth Cert. Application > 15	Birth Cert. Application < 15	Rectification
Nkomindli Primary School	5	6	1	10

#### D. COMMUNITY DEVELOPMENT

Responsible for sports development and management, arts & culture, Operation Sukuma Sakhe and HIV/AIDS coordination.

- ✿ In partnership with the Department of Arts and Culture the Municipality participated in transporting Zulu maidens to the annual Royal Reed dance held in Enyokeni Royal Residence in Nongoma.
- ✿ In partnership with the Department of KZN Sports and Recreation the Municipality successfully conducted Beach Festival in Tugela Mouth Beach facility on **Saturday; 17th December 2011 to Sunday; 18th December 2011.**
- ✿ The launch of Ward AIDS Committee was successfully held in February 2012 at Sundumbili Sports field.

#### E. YOUTH AFFAIRS

Youth Unit hosted the above below listed programmes during 2011/2012 financial year.

- ✿ **Mandeni Business Seminar:** there was a dialogue, debate, information sharing session which was successfully held with young business people of Mandeni FNB and Capitac banks presented their products.
- ✿ **Meeting with Youth in Churches:** The office organized the meeting with young people who are in churches, we invited two per church and we tried to communicate with all churches. The meeting went very well and we explained their role in developing Mandeni and taking charge of the Youth Programs in the Municipality. Our wish is that all youth in Mandeni participate fully in our programs. We nominated the Faith Based Youth Committee of ten people.
- ✿ **District Youth Meeting:** All Local Municipalities were invited by iLembe District for alignment of all youth programs and to do a uniform program and have a reporting format.
- ✿ **Meeting with the KZN School of welding:** In September 2011, Mr Naidoo of KZN School of Welding has availed himself to the Municipality in

giving and improving skills of youth within Mandeni area of jurisdiction.

- ✿ Job preparedness workshop was held on 27 to 28 October 2011 and attended by 62 young people attended by 52 young people;
- ✿ Entrepreneurship development on 22 June 2012;
- ✿ Youth Festival in partnership with Love life;
- ✿ School visits Udumo, Mbuyiselo, Ndongakusuka, Thukela and Nkwenkwezi high schools; and
- ✿ Under 17 soccer tournament held on 16 June 2012





# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

## Service Delivery And Budget Implementation Plan 2011/2012 - Community Services Department

National KPA	Objective	Status	Municipal Strategies	Baseline indicator	Key Performance Indicator	Annual Target	Budget	Quarter ending 30 September 2011		Quarter ending 31 December 2011		
								Projected	Actual	Projected	Actual	
<b>Social and Local Economic Development</b>	To ensure the delivery of library services by assessing library service needs and facilitate provision of library services through the Municipality according to standards	Non-core	Fastracking the upgrading of Ndulinde tribal court to be the community library and to monitor the operation of the existing libraries	1 report	Number of reports prepared and submitted to relevant structures	12 reports prepared and submitted to relevant structures	To be determined by the Department	13 reports to be submitted to relevant structure for the updated database and 1 progress report on Ndulinde library	3 reports submitted to relevant structure and a motivation for additional library and a mobile library forwarded to DAC; no progress for Ndulinde library	3 reports to be submitted to relevant structure for the updated database and 1 progress report on Ndulinde library	3 reports submitted to MSP Committee	
	To provide material and resources that support quality education	Core		2	Number of existing Libraries opened according to minimum required time as prescribed by the Council	2		2	2	2	2	
				100%	Implement minimum standards of service to libraries	100%		100%	100%	100%	100%	

### Service Delivery And Budget Implementation Plan 2011/2012 - Community Services Department

	Quarter ending 31 March 2012		Quarter ending 30 June 2012		Explanation of variance/ comments	Corrective measures	Responsibility			Locality	Portfolio of Evidence Reference No.
	Projected	Actual	Projected	Actual			Dept	Section	Individual		
	3 reports to be submitted to relevant structure for the updated database and 1 progress report on Ndulinde library	3 reports submitted to MSP Committee	3 reports to be submitted to relevant structure for the updated database and 1 progress report on Ndulinde library	3 Reports submitted to MSP Committee			Community and Technical		N G Mncwango / L M Dhlodhlo	Whole area of Mandeni	
	2	2	2	2			Community Services			Whole area of Mandeni	
	100%	100%	100%	100%			Community Services			Whole area of Mandeni	

# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

## Service Delivery And Budget Implementation Plan 2011/2012 - Community Services Department

National KPA	Objective	Status	Municipal Strategies	Baseline indicator	Key Performance Indicator	Annual Target	Budget	Quarter ending 30 September 2011		Quarter ending 31 December 2011		
								Projected	Actual	Projected	Actual	
<b>Social and Local Economic Development</b>	To establish economic growth and development all economic sectors with particular emphasis on tourism, manufacturing, agriculture and services	Non-core	To get clear social responsibilities to be rendered by the Municipality	4	Number of meetings held with SASSA and reports forwarded to the Municipal Manager	4 meetings/ minutes	Nil	1 meeting to be held with Social development and SASSA	1 meeting was held with sector departments	1 meeting to be held with SASSA and Social Development	1 meeting was held with sector department	
	To facilitate Operation Sukuma Sakhe Programme	Non-core	To provide monthly progress reports to Council structures	1 report/ meeting	Number of reports submitted to MANCO, EDP and Gender sub-committee	4	Special programmes all occasions	1 report submitted to relevant structure	1 report forwarded to relevant structure - 51 families identified in August and + 150 CCG's were trained to do profiling report forwarded to relevant structure	1 report and Interventions of sector department to needy families	1 report submitted to relevant structure for Intervention of sector departments	



### Service Delivery And Budget Implementation Plan 2011/2012 - Community Services Department

	Quarter ending 31 March 2012		Quarter ending 30 June 2012		Explanation of variance/ comments	Corrective measures	Responsibility			Locality	Portfolio of Evidence Reference No
	Projected	Actual	Projected	Actual			Dept	Section	Individual		
	1 meeting to be held with SASSA and Social Development	3 meetings s per OSS	1 meeting to be held with SASSA and Social Development	3 meetings as per OSS	OSS meetings are held twice a month then 1 report submitted to Gender and MANCO		Community Services			Whole area of Mandeni	
	1 report and Interventions of sector departments	2 reports submitted to relevant structures 5 houses built for needy families and recruitment of youth ambassadors, ongoing interventions	1 report submitted, finalisation of the launch of ward war rooms, mentoring of ward war rooms and interventions of sector departments	1 report and interventions	The number of meetings is increasing due to number of critical cases identified		Community / Technical Services			Whole area of Mandeni	

# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

## Service Delivery And Budget Implementation Plan 2011/2012 - Community Services Department

National KPA	Objective	Status	Municipal Strategies	Baseline indicator	Key Performance Indicator	Annual Target	Budget	Quarter ending 30 September 2011		Quarter ending 31 December 2011		
								Projected	Actual	Projected	Actual	
<b>Social and Local Economic Development</b>	Provision of Indigent / pauper burial services to the community of Mandeni	Non-core	To assist indigent individuals with burial services as per indigent / pauper policy	Approved indigent / pauper burial policy	Number Of applications approved	150 applications to be approved at R1000.00 each	150000	37 applications per quarter	30 applications approved	37 applications per quarter	40 applications approved	
	Facilitate the establishment and functioning of community Health structures and continuously providing feedback to the Mandeni Council on progress on delivery		To update the NGO database	To have a clear database of caregivers within the area and functioning Clinic Advisory Committees	Number of organisations registered on the caregivers database	10	Nil	-	2	1	1	

Service Delivery And Budget Implementation Plan 2011/2012 - Community Services Department

	Quarter ending 31 March 2012		Quarter ending 30 June 2012		Explanation of variance/ comments	Corrective measures	Responsibility			Locality	Portfolio of Evidence Reference No.
	Projected	Actual	Projected	Actual			Dept	Section	Individual		
	38 applications per quarter	13 applications approved	38 applications per quarter	25 applications approved			Community Services		Assistant Manager - Social Services	Whole area of Mandeni	
	1	1	1	1			N G Mncwango / RLZ Mwandla / N N Msweli			Whole area of Mandeni	

# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

## Service Delivery And Budget Implementation Plan 2011/2012 - Community Services Department

National KPA	Objective	Status	Municipal Strategies	Baseline indicator	Key Performance Indicator	Annual Target	Budget	Quarter ending 30 September 2011		Quarter ending 31 December 2011		
								Projected	Actual	Projected	Actual	
Good Governance and Public Participation	To be transparent and democratic and compliant	Core	To partner with relevant service providers in the implementation of youth development program	New Indicator	Number of youth programmes held successfully i.e. business compliance, youth summit, career guidance, youth cultural activities	4 programmes	R318,000	1	3	1	2	
			To promote the interest of youth in all local government matters									
		Non-core	To coordinate and promote special programmes made of men, PWD's, OVC's, women, senior citizens and widowhood within the Municipal area	New Indicator	Number of special programmes held successfully	12 programmes	250000	7	7	3	10	
		Core	To facilitate and organize sporting events/programmes within the Municipal area of jurisdiction	1	Number of sports programmes/events held successfully	3	R400,000	Coordination of wad base and interwards games	Staged ward-based and inter-ward games and participated in inter-municipal games and sport attire was procured.	Work and play programme; Actual games to take place on 09th to 13th December 2011 in Ethekwini Metro	SALGA games were held on 09 to 13th December 2011 in Durban	
			To address all audit queries	audit response by deadline	Timeous response to all the AG audit queries	Response by deadline	Nil	Response by deadline		N/A	N/A	

### Service Delivery And Budget Implementation Plan 2011/2012 - Community Services Department

	Quarter ending 31 March 2012		Quarter ending 30 June 2012		Explanation of variance/ comments	Corrective measures	Responsibility			Locality	Portfolio of Evidence Reference No.
	Projected	Actual	Projected	Actual			Dept	Section	Individual		
	1	2	1	4		Number of youth programmes increased due to activities of a youth month	Community Services		N G Mncwango / M F Shandu	Whole area of Mandeni	
	1	0	1	4			Community Services		N G Mncwango / RLZ Mwandla	Whole area of Mandeni	
	Postmortem meeting - ward base games	High School league was held on 3rd March 2012 in partnership with Nedbank	Inter- wards games held and preparation of programme of action to be submitted to relevant structures for adoption	Formation of Sports Council, club development in ward 09			Community Services		N N Msweli / M F Shandu	Whole area of Mandeni	
	N/A	N/A	N/A	N/A			Community Services		RLZ Mwandla / N N Msweli and T P Mbhele	Whole area of Mandeni	



# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

## Performance against strategic objectives - SDBIP

National Kpa				Social And Economic Development				Status And Comments
				2010/2011		2011/2012		
KPA	Strategic/ Idp Objective	KPI	Budget	Target	Actual	Target	Actual	
Pauper/ indigent burial	Provision of Indigent / pauper burial services to the community of Mandeni	% budget spent on pauper / indigent burial	R150 000	50%	60.85%	50%	52%	R78,277.00 was used to the qualifying applicants after thorough investigation
HIV /AIDS Education programme	HIV/AIDS Awareness Education Program	Number of awareness campaigns held	R500 000	4	1	3	1	There are ongoing mini awareness programmes conducted through Operation Sukuma Sakhe
Youth empowerm ent in sports activities	To empower youth in sports and recreation activities	Number of sporting codes introduced to the large extent of the community	300 000	11	13	13	14	Karate sporting code was then introduced
Youth Summit and outreach programmes	To empower and develop youth in all sectors	Number of people benefited and schools visited	250 000	100	150	150	500	There were numerous outreach programmes conducted in partnership with other stakeholders



# CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

## BUDGET EXPENDITURE

The overall budget for Corporate Services Department for 2011/2012 was R5 774 582 and R3 939 308 was spent which translates to - 31.78% under expenditure. The challenges that caused under spending related to the grants that were not spent.

## 4.4 COMMUNITY SAFETY DEPARTMENT

### PERFORMANCE HIGHLIGHTS 2011/2012

This Department is responsible for Traffic Management, crime prevention and issuing of learners licence and drivers licence. However this Department was unfortunate in terms of having the majority of its employees being arrested and put on special leave. In this financial year it managed to assist in disaster management instances.

## 4.5 PUBLIC PARTICIPATION (NKPA - GOOD GOVERNANCE & PUBLIC PARTICIPATION)

### WARD COMMITTEES

The Municipality conducted ward committee inauguration on 30 September 2011 under the supervision of Mrs Mavundla from COGTA immediately after their election, which took place in-between the 6 July 2011 to 18 September 2011. The Municipality took the responsibility of training them in January 2012 with the assistance from COGTA which was based on LGSETA unit standard.

Furthermore, the Council took a resolution to revise the payment of “out of pocket expense” to be paid on monthly basis compared to the previous system of paying it on quarterly basis. The programme of their meetings was developed by the Office of the Speaker and scheduled to take place once a month as a minimum. They have been continuing to seat as scheduled and reporting through the office of the Speaker. Ward Committee Secretariats Forum has been formulated with the intention that the minutes and reporting back is improved. These Ward Committees also are represented in Ward Rooms and Project Steering Committees in their individual wards. They always get invited to municipal events.

### MANDENI NEWS

The Municipality issued 3 Mandeni News to the public and were placed on strategic points within area of Mandeni. The municipal publication reported a lot on municipal projects and opportunities of which the community can take advantage on. The local radio stations e.g. Igagasi and Ikhora FM were also utilised to make community aware of the Municipality and improve its image represented by the Mayor.

## IDP PUBLIC MEETINGS

The Municipality had numerous public meetings relating amongst others formulation of the new Integrated Development Plan, Budget for 2012/2013 and Performance Management. Minutes and attendance register were prepared.

### Idp Consultation Meetings

Target Group	Wards	Venue	Date	Time	Responsible Cllr	Target	Allocation Duties
Hlomendlini	4	Hlomendlini Sports Ground	28 Jan 2012	10:00	Ilembe & Mandeni Mayor & Speaker	300	ILEMBE (catering for public & VIP) MANDENI (loudhailing & pamphlets, Marquees, table and toilets)
Machibini	12	Machibini sports Ground	28 Jan 2012	14:00	Mandeni Mayor & Speaker	500	Mandeni (Loudhailing & pamphlets, transports (3 taxis) for ward 12, Marquees chairs, tables, stage, covers, sound system catering for public only
Makhempini & Magundaneni	11	Makhempini Sports Ground	29 Jan 2012	10:00	Mandeni Mayor & speaker	1000	Mandeni (Loudhailing & pamphlets, transports (4 taxis) for ward 11, Marquee X 2 VIP, chairs, tables, stage, covers and sound system incl. VIP toilets
Mpemane and Matsheketsheeni	5	Mpemane	29 Jan 2012	14:00	Mandeni Mayor & speaker	600	Mandeni (Loudhailing, pamphlets, transports (3 taxis) for ward 5, Marquees x2 VIP, chairs, stage, covers, sound system, catering, toilet, catering for public only)
Hlomendlini	4	New Ark Primary School	19 Nov-11	10:00	Ilembe & Mandeni Mayor & Speaker	300	Ilembe (loudhailing, pamphlets, sound system and catering)
Highview Park	4	Highview park sports ground	30 Oct -11	15:00	Mayor & speaker	200	Mandeni (loudhailing, pamphlets, catering sound system, marquee)
Machibini & Nembe	5 & 12	Machibini sports ground	20 Oct- 11	15:00	Mandeni Mayor & Speaker	500	Mandeni (loudhailing & pamphlets, transports (1bus) for ward 5, marquees, chairs, tables stage, covers, sound system, catering toilets, invite traditional & IEC)
Isithebe	11, 12, 16 & 17	Steel window	20 Oct- 11	10:00	Ilembe & Mandeni Mayor & Speaker	700	Mandeni (Loudhailing & pamphlets, bus for ward 11, & 16 and 2 taxis for ward 12, Marquee and chairs, toilets, sound system invite traditional & IEC)

## CHAPTER 4: FUNCTIONAL AREA SERVICE DELIVERY REPORTING ...CONTINUED

Evaluation Draft Idp / Budget & Pms Consultation Meetings

Target Group	Wards	Venue	Date	Time	Responsible Cllr	Target
Macambini Wards	01, 02,03, 08, & 9	Macambini sports ground	05 May 2012	10:00	Mayor & Speaker	1000
Ward Committees , CDWs, Amakhosi and Gov Dept	Rate payers , Business organizations , farmers Ass.	Mandeni Municipal Hall	10 May 2012	17:00	Mayor & speaker	100
Sundumbili Wards , Inembe & Machibini	05, 07,10,13,14,15,12	Sbusisiwe Hall	16 May 2012	10:00	Mayor & speaker	1000
Isithebe, Nyoni & Ndulinde	06,16, 17, 10,11& 12	Steel Window Sports ground	19 May 2012	10:00	Mayor & speaker	1000
Hlolendlini & Highview Park	03 & 04	Hlomendlini sports Ground	20 May 2012	10:00	Mayor & speaker	500

### 4.6 PERFORMANCE BY SERVICE PROVIDERS

#### MANDENI FIRST NATIONAL BANK

The Municipality is still using Mandeni First National Bank and thus far their services are satisfactory. They have introduced electronic system of making payments.

#### MANDENI WASTE SERVICES

The contract of Mandeni Waste Removal Services is about to end in the next financial year and thus far their services are satisfactory.

#### VUKA AFRICA

Vuka Africa is a team of professional service providers who are assisting the municipality with the Sundumbili-

Mandeni Urban Regeneration Programme. Their performance has been good and the Municipality is very happy with their performance.

#### GOBODO Inc

Gobodo is the outsourced municipal internal auditor. Their performance is being monitored as they have only reported one visit since they were engaged late in the past financial year.

#### TELKOM

The Municipality has continued to receive poor service from TELKOM. The requested services are always delayed. For instance the connection of telephone at the gate, Parkhomes and activation of the toll free number.

#### SIGMA IT

SIGMA IT performed their task well and assisted the Municipality in having up and running back ups and the generator. In instances where the Municipality had lost electricity the generator used to supply electricity to dedicated areas very well. The Municipal IT policies were formulated with their assistance but are waiting for workshopping of Councillors.

#### ENFORCE SECURITY

The services of ENFORCE has been performed fairly well. They were given additional tasks as a result of new municipal properties that were opened such as Sibusisi Hall and Tugela Mouth Beach. The officials of Enforce reporting on a monthly basis to the Structure of Council.







# Chapter Five

## Annual Financial Statements



# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON MANDENI MUNICIPALITY

#### REPORT ON THE FINANCIAL STATEMENTS

##### INTRODUCTION

1. I have audited the financial statements of the Mandeni Municipality set out on pages 131 to 134, which comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

##### ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### AUDITOR-GENERAL'S RESPONSIBILITY

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

##### OPINION

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mandeni Municipality as at 30 June 2012, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

##### EMPHASIS OF MATTERS

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

##### RESTATEMENT OF CORRESPONDING FIGURES

8. As disclosed in note 38 to the financial statements, the corresponding figures for 30 June 2011 have been restated as a result of errors discovered during 2012 in the financial statements of the Mandeni Municipality at, and for the year ended, 30 June 2011.

##### MATERIAL IMPAIRMENTS

9. As disclosed in note 5 to the financial statements, material impairments to the amount of R6,125 million were incurred as a result of a write-off of irrecoverable trade debtors.

##### IRREGULAR EXPENDITURE

10. As disclosed in note 41 to the financial statements, irregular expenditure amounting to R5,533 million was incurred during the year, mainly as a result of contracts awarded to suppliers in contravention of the Local Government:

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON MANDENI MUNICIPALITY continued...

Municipal Supply Chain Management Regulations (GNR 868 of 30 May 2005) (Municipal SCM Regulations).

#### ADDITIONAL MATTER

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### UNAUDITED SUPPLEMENTARY SCHEDULES

12. The supplementary information set out on pages 187 to 196 does not form part of the financial statements and is presented as additional information. I have not audited the schedules and, accordingly, I do not express an opinion thereon.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

#### PREDETERMINED OBJECTIVES

14. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 1 to 123 of the annual report.

15. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned development objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information (FMPPi). The reliability of the information in respect

of the selected development objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

16. The material findings are as follows:

#### Usefulness of information

#### Presentation

#### MEASURES TAKEN TO IMPROVE PERFORMANCE NOT DISCLOSED

17. Improvement measures in the annual performance report for a total of 80% of the planned targets not achieved were not disclosed as required by section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA). This was due to inadequate internal policies and procedures over the processes pertaining to the reporting of performance information.

#### MEASURABILITY

#### PERFORMANCE INDICATORS NOT WELL DEFINED

18. The FMPPi requires that indicators/measures should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 23% of the indicators relevant to basic service delivery and social and local economic development were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact that management was aware of the requirements of the FMPPi but did not receive the necessary training to enable application of the principles.

#### COMPLIANCE WITH LAWS AND REGULATIONS

19. I performed procedures to obtain evidence that the municipality has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable



# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON MANDENI MUNICIPALITY continued...

laws and regulations as set out in the General Notice issued in terms of the PAA are as follows:

#### ANNUAL FINANCIAL STATEMENTS

20. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of property, plant and equipment, accumulated surplus and disclosure of irregular expenditure identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

#### EXPENDITURE MANAGEMENT

21. The accounting officer did not take reasonable steps to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.

#### ASSET MANAGEMENT

22. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

#### INTERNAL CONTROL

23. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

#### LEADERSHIP

24. The accounting officer does not exercise adequate oversight responsibility regarding financial and performance reporting, compliance with laws and regulations and related internal controls. Inadequate monitoring of the implementation of actions plans to address internal control deficiencies.

#### FINANCIAL AND PERFORMANCE MANAGEMENT

25. Proper record keeping is not implemented to ensure that complete, relevant and accurate information is available to support financial and performance reporting. Inadequate review and monitoring over compliance with applicable laws and regulations, asset management and Municipal SCM Regulations.

*Auditor-General*

Pietermaritzburg  
30 November 2012



# GENERAL INFORMATION

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## Appendixes:

Appendix A:	Schedule of External loans
Appendix B:	Analysis of Property, Plant and Equipment
Appendix C:	Segmental analysis of Property, Plant and Equipment
Appendix D:	Segmental Statement of Financial Performance
Appendix E(1):	Actual versus Budget (Revenue and Expenditure)
Appendix E(2):	Actual versus Budget (Acquisition of Property, Plant and Equipment)
Appendix F:	Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act

## ABBREVIATIONS

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

# GENERAL INFORMATION

## CURRENT TERM MEMBERS OF EXECUTIVE COUNCIL

Mayor and Chairman of the Executive Committee

Cllr LNP Shabalala

Deputy Mayor

Cllr PM Sishi

Speaker (Ex-Officio)

Cllr GC Mfekayi

Members of the Executive Committee

Cllr BL Magwaza

Cllr MS Mdunge

Cllr S Ndlovu

Cllr SB Zulu

Other councillors

Cllr EL Dube

Cllr EK Dube

Cllr HM Gumede

Cllr P Gumede

Cllr NE Hlabisa

Cllr BA Khumalo

Cllr CT Kumalo

Cllr NP Masondo

Cllr GPS Mathonsi

Cllr XH Mathonsi

Cllr LR Mbonambi

Cllr K Naidoo

Cllr LR Mdletshe

Cllr X Mdlethe

Cllr SS Mdunge

Cllr ZM Mhlongo

Cllr JM Mkhize

Cllr BP Mngadi

Cllr N Msimango

Cllr NS Msomi

Cllr N Reddy

Cllr CZ Ngcobo

Cllr BW Ngiba

Cllr NF Ntuli

Cllr JS Zibani

Cllr MM Ziqubu

Cllr GN Zungu

Senior management

LH Mapholoba - Municipal Manager

RN Hlongwa - Chief Financial Officer

NG Khumalo - Director: Corporate Services

R Sewdular - Director: Technical Services

Auditors

Auditor-General

Bankers

First National Bank

Registered office

Mandeni Municipal Office, 02 Kingfisher Road, Mandeni, 4490

Business address

02 Kingfisher Road, Mandeni, 4490

Postal address

P O Box 144, Mandeni, 4490

Legal form of entity

Local municipality

Nature of business and principal activities

Service delivery

Accounting Officer

Mr LH Mapholoba

Telephone number

032 - 456 8200

Fax number

032 - 456 2504

Email address

info@mandeni.gov.za

Grading

3

Jurisdiction

Mandeni Boundary (as determined by the Demarcation Board)

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

The accounting officers are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officers to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

I am responsible for the preparation of these annual financial statements, which are set out on pages 6 to 66, in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003) and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 27 of these annual financial statements are within the upper limits of the framework envisaged in the Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Coporative Governance of traditional affairs' determination in accordance in accordance with this Act.



Mr LH Mapholoba  
Municipal Manager

Mandeni  
31 August 2012

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### STATEMENT OF FINANCIAL POSITION

#### ASSETS

##### Current Assets

Call investments deposits Cash and cash  
Cash and cash equivalents  
Receivables from exchange transactions  
Receivables from non-exchange transactions  
Inventories  
VAT receivable

##### Non-Current Assets

Investment property  
Property, plant and equipment  
Intangible assets

##### Total Assets

#### LIABILITIES

##### Current Liabilities

Creditors  
Deposits  
Provisions  
Unspent conditional grants and receipts  
Current portion of long term liabilities

##### Non-Current Liabilities

Non-current portion of long term liabilities  
Employee benefit obligations

##### Total Liabilities

##### Net Assets

#### NET ASSETS

Reserves  
Housing reserve fund  
Accumulated surplus

##### Total Net Assets

Note(s)	2012 R	2011 R
3	60,241,721	34,971,949
4	2,947,973	803,188
5	5,458,151	1,660,739
6	6,206,435	3,513,971
7	371,129	315,006
13	1,499,013	1,519,531
	<b>76,724,422</b>	<b>42,784,384</b>
8	23,210,509	23,210,509
9	223,606,979	198,038,634
10	73,206	80,465
	<b>246,890,694</b>	<b>221,329,608</b>
	<b>323,615,116</b>	<b>264,113,992</b>
11	3,005,864	7,453,380
12	1,234,283	1,180,287
14	2,299,583	2,152,460
16	10,437,247	292,386
17	-	100,314
	<b>16,976,977</b>	<b>11,178,827</b>
17	-	34,185
15	10,219,843	6,084,695
	<b>10,219,843</b>	<b>6,118,880</b>
	<b>27,196,820</b>	<b>17,297,707</b>
	<b>296,418,296</b>	<b>246,816,285</b>
	1,626,901	1,572,968
	294,791,395	245,243,317
	<b>296,418,296</b>	<b>246,816,285</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

## STATEMENT OF FINANCIAL PERFORMANCE

### Revenue

Property rates  
Property rates - penalties imposed and collection charges  
Service charges  
Rental of facilities and equipment  
Interest received - external investment  
Fines  
Licences and permits  
Government grants & subsidies  
Debt impairment - Reversal  
Other income

### Total Revenue

### Expenditure

Employee related costs  
Remuneration of councillors  
Retirement benefit contributions  
Depreciation and amortisation  
Finance costs  
Debt impairment  
Collection costs  
Repairs and maintenance  
Bulk purchases  
Contracted services  
Grants and subsidies paid  
Loss on disposal of assets  
General Expenses

### Total Expenditure

Impairment (loss)/reversal of impairment loss

Inventories: (Write down)/reversal of write down to Net Realisable Value

### Surplus for the year

Note(s)	2012 R	2011 R
21	20,866,449	20,451,224
	352,549	392,998
22	15,984,020	13,354,630
23	203,795	186,623
24	2,282,713	2,001,559
	90,599	451,559
	1,566	1,191,138
	97,587,456	102,339,356
26	13,518,254	-
	5,809,982	6,420,860
	<b>156,697,383</b>	<b>146,789,947</b>
27	(30,010,057)	(27,350,741)
28	(7,522,755)	(6,211,185)
	(4,135,148)	(945,986)
29	(15,360,051)	(17,505,618)
30	(14,263)	(43,137)
	(3,080,776)	(9,688,680)
	(141,581)	(146,182)
	(10,180,742)	(5,432,454)
31	(7,269,436)	(5,868,382)
32	(9,431,845)	(8,978,174)
33	(5,788,967)	(13,177,403)
	(60,367)	-
34	(16,409,766)	(15,804,733)
	<b>(109,405,754)</b>	<b>(111,152,675)</b>
	-	(585,849)
	624	-
	<b>47,292,253</b>	<b>35,051,423</b>

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### STATEMENT OF CHANGES IN NET ASSETS

#### Balance at 01 July 2010

Changes in net assets  
 Changes in net assets Correction of prior year's errors on PPE  
 Interest capitalised  
 Restated surplus for the year  
 Total recognised income and expenses for the year  
 Interest capitalised  
 Total changes

#### Balance at 01 July 2011

Changes in net assets  
 Interest capitalised  
 Net income (losses) recognised directly in net assets  
 Surplus for the year  
 Total recognised income and expenses for the year  
 Movement in accumulated surplus  
 Total changes

#### Balance at 30 June 2012

Note(s)

Housing reserve fund R	Accumulated surplus R	Total net assets R
<b>1,504,440</b>	<b>196,771,577</b>	<b>198,276,017</b>
-	13,420,317	13,420,317
-	13,420,317	13,420,317
-	35,051,423	35,051,423
-	48,471,740	48,471,740
68,528	-	68,528
68,528	48,471,740	48,540,268
<b>1,572,968</b>	<b>245,243,317</b>	<b>246,816,285</b>
53,933	-	53,933
53,933	-	53,933
-	47,292,253	47,292,253
53,933	47,292,253	47,346,186
-	2,255,825	2,255,825
53,933	49,548,078	49,602,011
<b>1,626,901</b>	<b>294,791,395</b>	<b>296,418,296</b>



# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### CASH FLOW STATEMENT

#### Cash flows from operating activities

##### Receipts

Taxation  
Sale of goods and services  
Grants  
Interest income - external investments

##### Payments

Employee costs  
Finance costs  
Other payments

#### Net cash flows from operating activities

#### Cash flows from investing activities

Purchase of property, plant and equipment  
Proceeds from sale of property, plant and equipment

#### Net cash flows from investing activities

#### Cash flows from financing activities

Repayment of current portion of long term liabilities

#### Net cash flows from financing activities

#### Net increase/(decrease) in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

#### Cash and cash equivalents at the end of the year

Note(s)	2012 R	2011 R
	26,748,390	16,905,921
	14,827,983	12,402,268
	97,587,456	93,073,975
	2,282,713	2,001,559
	141,446,542	124,383,723
	(37,532,812)	(33,561,924)
	(14,263)	(43,137)
	(35,017,292)	(52,992,482)
	(72,564,367)	(86,597,543)
36	68,882,175	37,786,180
	(66,841,024)	(40,076,125)
9	238,133	-
	(66,602,891)	(40,076,125)
	(134,499)	(196,341)
3	(134,499)	(196,341)
	2,144,785	(2,486,286)
	803,188	3,289,474
4	2,947,973	803,188

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### ACCOUNTING POLICIES

#### 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

#### 1.1 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgments include:

#### PROVISIONS

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions.

#### ALLOWANCE FOR DOUBTFUL DEBTS

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

#### 1.2 PRESENTATION OF CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### 1.3 GOING CONCERN -ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

#### 1.4 COMPARATIVE FIGURES

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these annual financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have

been identified in the current year, the correction is made retrospectively as far as it is practical, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practical, and the prior year comparatives are restated accordingly.

#### 1.5 HOUSING DEVELOPMENT FUND

The Housing operating account was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to the Housing operating account. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing operating account.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing operating account. Monies standing to the credit of the Housing operating account can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

#### 1.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### ACCOUNTING POLICIES

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and servicing equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

#### SUBSEQUENT MEASUREMENT -REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a cost amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any impairment losses.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

#### SUBSEQUENT MEASURES -COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life

Where the municipality replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset

#### DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight line basis over the estimated useful lives of items of property, plant and equipment unless depreciation of certain assets is being determined using a method other than estimated useful life.

Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The annual depreciation rates are based on the following estimated average useful lives of items of property, plant and equipment:

Item	Average useful life
Infrastructure	
✿ Roads and paving	30
✿ Pedestrian malls	30
✿ Electricity	20 - 30
✿ Water	15 - 20
✿ Sewerage	15 - 20
Community	
✿ Buildings	30
✿ Recreational facilities	20 - 30
✿ Security	5
✿ Halls	30
✿ Libraries	30
✿ Parks and gardens	30
✿ Other assets	5
Other assets	
✿ Buildings	30
✿ Specialist vehicles	10
✿ Other vehicles	5
✿ Office equipment	3 - 7
✿ Furniture and fittings	7 - 10
✿ Watercraft	15
✿ Bins and containers	5
✿ Specialised plant and equipment	10 - 15
✿ Other items of plant and equipment	2 - 5
✿ Landfill sites	15

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date.

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## FOR THE YEAR ENDED 30 JUNE 2012

### ACCOUNTING POLICIES

If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. In determining the depreciation charge for the current year, the residual value for all assets have been taken into account.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash

flows on these assets are included in cash flows from operating activities in the cash flow statement.

#### 1.7 INTANGIBLE ASSETS

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses and development costs. The municipality recognises an intangible asset in its statement of financial position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- ✿ the municipality intends to complete the intangible assets for use or sale;
- ✿ it is technically feasible to complete the intangible assets;
- ✿ the municipality has the resources to complete the project; and
- ✿ it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where intangible assets are acquired by the municipality for no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Where intangible assets are acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired are

initially measured at fair value (the cost). If the acquired items' fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

#### SUBSEQUENT MEASUREMENT -COST MODEL

Intangible assets are subsequently carried at cost less any accumulated amortisation and any impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but it is subject to an annual impairment test.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

#### AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over the estimated useful lives using the straight-line method. The annual amortisation rates are based on the following estimated average asset lives:

Item	Useful life
Computer software	5

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### ACCOUNTING POLICIES

reporting date and any changes are recognised as a change in accounting estimate in the statement of financial performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and impairment loss is charged to the statement of financial performance.

#### DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount and is recognised in the statement of financial performance.

#### 1.8 INVESTMENT PROPERTY

Investment property includes property (land or a building - or part of a building - or both land or building held under finance lease) held to earn rentals and/or for capital appreciation, rather than held:

- ⚙ to meet service delivery objectives, or
- ⚙ the production or supply of goods or services, or for
- ⚙ the sale in the ordinary course of assets.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement. However, where an investment property was acquired through a non-exchange

transaction (i.e. where it acquired the investment property for no or nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at the date of completion.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### SUBSEQUENT MEASUREMENT - FAIR VALUE

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant

and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

#### 1.9 INVENTORIES

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- ⚙ distribution at no charge or for a nominal charge; or
- ⚙ consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### ACCOUNTING POLICIES

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### 1.10 FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either Financial assets or Financial liabilities.

#### FINANCIAL ASSETS - CLASSIFICATION

A financial asset is any asset consisting of cash or a contractual right to receive cash. The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- ✿ Investments in Fixed Deposits (Banking Institutions, etc);
- ✿ Unlisted investments;
- ✿ Long-term Receivables;
- ✿ Consumer Debtors;
- ✿ Certain Other Debtors (see note 6);
- ✿ Short-term Investment Deposits; and
- ✿ Bank Balances and Cash

In accordance with IAS 39.09, the Financial Assets of the municipality are classified as follows into the four categories allowed by this standard:

Type of Financial asset	Classification in terms of IAS 39.09
-------------------------	--------------------------------------

Short-term Investment Deposits - Call	Held-to-maturity
investments Bank Balances and Cash	Available for sale
investments Long-term Receivables	Loans and receivables
Consumer Debtors	Loans and receivables
Other Debtors	Loans and receivables
Investments in Fixed Deposits	Held-to-maturity
Held-to-maturity investments	Unlisted investments
Unlisted investments	Held-to-maturity
investments	investments

Available for sale investments are financial assets that are designated as available for sale or are not classified as:

- ✿ Loans and Receivables;
- ✿ Held-to-Maturity Investments; or
- ✿ Financial Assets at fair value through the Statement of Financial Performance.

Loans and Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets.

Held-to-Maturity Investments are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

#### FINANCIAL LIABILITIES - CLASSIFICATION

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on

the face of the Statement of Financial Position or in the notes thereto:

- ✿ Long-term Liabilities;
- ✿ Certain Other Creditors (see note 11);
- ✿ Bank Overdraft;
- ✿ Short-term loans;

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### ACCOUNTING POLICIES

- ⚙ Current Portion of Long-term Liabilities; and
- ⚙ Consumer Deposits

There are two main categories of Financial Liabilities, the classification determining how they are measured. Financial liabilities may be measured as:

- ⚙ Other financial liabilities.

Any other financial liabilities are classified as "Other financial liabilities" and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

In accordance with IAS 39.09 the Financial Liabilities of the municipality are all classified as "Other financial liabilities".

#### INITIAL AND SUBSEQUENT MEASUREMENT

##### FINANCIAL ASSETS

Held-to-maturity Investments and Loans and Receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial Assets at Available-for-Sale are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognised in the Statement of Financial Performance

Financial assets are recognised on the date they originated for loans and receivables and deposits and for other financial assets, initially on the trade date at which the municipality becomes a party to the contractual provisions of the instrument.

##### FINANCIAL LIABILITIES

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Financial liabilities are recognised on the trade date at which the municipality becomes a party to the contractual provisions of the instrument.

##### IMPAIRMENT OF FINANCIAL ASSETS

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Consumer Debtors are stated at cost less a provision for bad debts. The provision is made in accordance with IAS 39.64 whereby the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the instruments at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

##### DERECOGNITION OF FINANCIAL ASSETS

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control



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### ACCOUNTING POLICIES

the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### DERECOGNITION OF FINANCIAL LIABILITIES

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire

#### 1.11 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state. An expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### 1.12 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or

(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements. Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the

relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

#### 1.13 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as revenue in the statement of financial performance.

#### 1.14 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- ✿ the municipality has a present or constructive obligation as a result of a past event;
- ✿ it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- ✿ a reliable estimate can be made of the obligation.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed

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### ACCOUNTING POLICIES

if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A constructive obligation to restructure arises only when an entity:

- ⚙ has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- ⚙ has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 45 unless the possibility of an outflow or resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefit is probable.

Future events that may effect the amount required to settle an obligation are reflected in the amount of the provision where there is sufficient objective evidence that they will occur.

Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

#### 1.15 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### FINANCE LEASES -LESSEE

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Property, plant equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured at the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance costs and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope within the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

#### FINANCE LEASES -LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as a sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalment received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

#### 1.16 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### ACCOUNTING POLICIES

period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

#### MEASUREMENT

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### RENDERING OF SERVICES

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

#### SALE OF GOODS

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Revenue from the sale of tender documents is recognised at the point of sale.

#### INTEREST

Revenue arising from the use by others of entity assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method on a time proportionate basis.

#### 1.17 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment

# ANNUAL FINANCIAL STATEMENTS

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### ACCOUNTING POLICIES

is received, together with an estimate of spot fines and summonses that will be received based on past experiences of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

#### 1.18 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the sources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grants, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

#### 1.19 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- ⚙ Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- ⚙ Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current. Borrowings costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

#### 1.20 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employee's and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue

in the year they become payable. The defined benefit funds, which are administered on a provincial basis, actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The following are defined benefit plans: Natal Joints Superannuation, Retirement and Provident Funds (NJMP). These are not treated as defined benefit plans as defined by IAS 19, but are accounted for as defined contribution plans. This is in line with the exemption in IAS 19 par. 30 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans. The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by multi-employer plan. It is therefore deemed impractical to obtain this information at a suitable level of detail. Current contributions by council are charged against expenditure on the basis of current service costs. Full actuarial valuations are performed at least every 5 years. The last valuation was done on 31 March 2006.

#### 1.21 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### ACCOUNTING POLICIES

to the stage of completion of the contract activity at the reporting date, as measured by completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

#### 1.22 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If such an indication exists, or an annual impairment testing for an asset is required, the municipality makes an estimate of the asset's recoverable amount.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable value. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specified to the asset.

As assessment is made at each reporting date as to whether there is any indication that a previously recognised impairment or impairment loss may no longer exist. If such an indication

exists, the municipality makes an estimate of the recoverable amount.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### 1.23 INVESTMENT INCOME

Investment income is recognised on a time-proportion basis using the effective interest method.

#### 1.24 USE OF ESTIMATES

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual result ultimately may differ from those estimates.

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 1.25 OFFSETTING

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

#### 1.26 SEGMENTAL INFORMATION

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices A, B, C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

#### 1.27 BUDGET INFORMATION

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the

budgeted amounts for the reporting period have been included in the annual financial statements.

The Statement of comparative and actual information have been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury. Refer to Appendix E.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note 50.

#### 1.28 EVENTS AFTER THE REPORTING DATE

The municipality has carefully considered whether events occurring between the balance sheet date and the date of approval should be reflected in the annual financial statements. Events after the reporting period (or 'post balance sheet events') are either adjusting events or non-adjusting events. Adjusting events provide further evidence of conditions that existed at the balance sheet date and the carrying amounts of assets and liabilities at the balance sheet date are adjusted for such events. Non-adjusting events relate to conditions that arose after the balance sheet date and should be disclosed.

### 2. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

- GRAP 18 Segment Reporting - issued March 2005
- GRAP 21 Impairment of Non-cash-generating Assets - issued March 2009
- GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
- GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
- GRAP 25 Employee Benefits - issued December 2009
- GRAP 26 Impairment of Cash-generating Assets - issued March 2009
- GRAP 103 Heritage Assets - issued July 2008
- GRAP 104 Financial Instruments - October 2009

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available. The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

- IAS 36 Impairment of assets - amended version effective 1 January 2010
- IAS 39 Financial Instruments: Recognition and Measurement - amended version effective 1 January 2010

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.



# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. **Call investments deposits**

Call investment deposits consist of:

**Nedbank - Mandeni branch - Call investment deposits**

**Account number - 23581136/9998**

Cash book balance

Bank statement balance

**Standard Bank - Mandeni branch - Call investment**

**Account Number - 068637527002**

Cash book balance

Bank statement balance

**First National Bank - Mandeni branch - Call investment deposits**

**Account number - C061294217372**

Cash book balance

Bank statement balance

**First National Bank - Mandeni branch - Call investment deposits**

**Account number - C062028673219**

Cash book balance

Bank statement balance

**First National Bank - Mandeni branch - Call investment deposits**

**Account number - C062138398327**

Cash book balance

Bank statement balance

**First National Bank - Mandeni branch - Call investment deposits**

**Account number - C062252919471**

Cash book balance

Bank statement balance

**First National Bank - Mandeni branch - Call investment deposits**

**Account number - C062113325882**

Cash book balance

Bank statement balance

Cash book balance

2012 R	2011 R
5,923,849	5,662,966
5,923,849	5,662,966
24,985	24,489
24,985	24,489
41,178,865	22,689,019
41,178,86	22,689,019
1,626,902	4,042,178
1,626,902	4,042,178
2,262,482	2,226,719
2,262,482	2,226,719
9,118,981	298,804
9,118,981	298,804
105,657	27,772
105,657	27,772
<b>60,241,721</b>	<b>34,971,947</b>



# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 4. Cash and cash equivalents

Cash on hand Cash at bank

**Cash on hand Balance at end of the year**

#### Trade and other receivables

##### Gross balances

Electricity  
Refuse

##### Less: Provision for debt impairment

Electricity  
Refuse

##### Net balance

Electricity  
Refuse

##### Electricity

Current (0 - 30 days)  
31 - 60 days  
61 - 90 days  
91 - 120 days  
121 - 365 days  
> 365 days  
Less: Impairment

##### Refuse

Current (0 - 30 days)  
31 - 60 days  
61 - 90 days  
91 - 120 days  
121 - 365 days  
> 365 days  
Less: Impairment

2012 R	2011 R
11,676	7,005
2,936,297	796,183
<b>2,947,973</b>	<b>803,188</b>
11,676	7,005
2,383,889	1,994,685
18,443,019	16,282,847
<b>20,826,908</b>	<b>18,277,532</b>
(670,550)	(1,813,832)
(14,698,207)	(14,802,961)
<b>(15,368,757)</b>	<b>(16,616,793)</b>
1,713,339	180,853
3,744,812	1,479,886
<b>5,458,151</b>	<b>1,660,739</b>
36,576	129,793
-	125,595
93,817	84,096
-	46,199
99,386	929,959
2,154,110	679,043
(670,550)	(1,813,832)
<b>1,713,339</b>	<b>180,853</b>
187,117	162,742
282,387	730,843
318,729	182,981
237,560	91,960
253,149	2,739,446
17,164,077	12,374,875
(14,698,207)	(14,802,961)
<b>3,744,812</b>	<b>1,479,886</b>

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 5. Summary of debtors by customer classification

##### Households

Current (0 - 30 days)  
 31 - 60 days  
 61 - 90 days  
 91 - 120 days  
 121 - 365 days  
 > 365 days

Less: Impairment

##### Other receivables from non-exchange transactions

##### Industrial/ commercial

Current (0 - 30 days)  
 31 - 60 days  
 61 - 90 days  
 91 - 120 days  
 121 - 365 days  
 > 365 days

Less: Impairment

##### National and provincial government

Current (0 - 30 days)  
 31 - 60 days  
 61 - 90 days  
 91 - 120 days  
 121 - 365 days  
 > 365 days

Less: Impairment

2012 R	2011 R
-	257,111
389,196	665,549
638,795	448,827
206,357	456,708
2,494,423	3,462,451
39,892,918	35,686,174
43,621,689	40,976,820
(33,991,013)	(36,292,658)
<b>9,630,676</b>	<b>4,684,162</b>
65,700	50,658
425,398	328,001
221,197	170,533
222,215	171,338
1,565,965	1,207,429
5,185,882	3,998,565
7,686,357	5,926,524
(7,141,619)	(6,303,714)
<b>544,738</b>	<b>(377,190)</b>
145	2,529
776	13,506
467	8,136
175	3,040
346,365	6,031,684
537,557	9,361,168
885,485	15,420,063
(705,392)	(14,062,698)
<b>180,093</b>	<b>1,357,365</b>

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 5. Total

Current (0 -30 days)  
31 -60 days  
61 -90 days  
91 -120 days  
121 -365 days  
> 365 days

Less: Impairment

#### Receivables from non-exchange transactions

Current (0 -30 days)  
31 -60 days  
61 -90 days  
91 -120 days  
121 -365 days  
> 365 days

#### Reconciliation of debt impairment provision

Balance at beginning of the year  
Contributions to provision  
Debt written off against provision  
Reversal of provision  
Impairment related to Non-exchange Transactions - Rates  
Impairment related to Non-exchange Transactions - Other

#### 6. Receivables from non-exchange transactions

Rates  
Other  
Insurance claims  
Subsidies  
Housing rental  
Other receivables  
Postage Deposit  
Less: Non-exchange Impairment - Rates  
Less: Non-ex

2012 R	2011 R
223,692	292,535
263,458	856,438
412,546	267,077
25,468	138,159
1,631,056	3,669,405
18,270,688	13,053,918
20,826,908	18,277,532
(15,368,757)	(16,616,793)
<b>5,458,151</b>	<b>1,660,739</b>
(270,873)	713,062
(239,295)	937,792
(242,958)	(225,008)
(234,473)	(41,273)
(1,492,892)	(7,827,178)
(12,888,266)	(10,174,188)
<b>(15,368,757)</b>	<b>(16,616,793)</b>
(58,400,461)	(58,649,155)
(3,080,776)	(9,688,680)
6,124,960	9,937,374
13,518,254	-
25,232,662	41,339,552
1,236,604	444,116
<b>(15,368,757)</b>	<b>(16,616,793)</b>
30,153,671	42,898,297
1,212,952	42,898,297
(5,803)	-
845,250	279,500
40,230	40,230
419,401	932,033
10,000	-
(25,232,662)	(41,339,552)
(1,236,604)	(444,116)
<b>6,206,435</b>	<b>3,513,971</b>

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### Rates

Current (0 -30 days)  
 31 -60 days  
 61 -90 days  
 91 -120 days  
 121 -365 days  
 > 365 days  
 Less: Impairment

#### Other

Current (0 -30 days)  
 31 -60 days  
 61 -90 days  
 91 -120 days  
 121 -365 days  
 > 365 days  
 Less: Impairment

#### Summary of debtors by customer classification

#### Total Current

(0 -30 days)  
 31 - 60 days  
 61 - 90 days  
 91 - 120 days  
 121 - 365 days  
 > 365 days

Less: Provision for debt impairment

2012 R	2011 R
15,957	14,598
960,165	872,878
1,258,665	300,310
323,002	293,639
433,609	106,241
27,162,276	31,957,347
(25,232,662)	(41,339,552)
<b>4,921,012</b>	<b>1,558,745</b>
7,219	1,068
2,332	1,641
<b>2,545</b>	<b>1,541</b>
-	-
51,983	106,241
1,148,873	1,037,088
(1,236,604)	(444,116)
<b>(23,652)</b>	<b>703,463</b>
23,176	15,666
962,494	874,519
1,261,210	301,851
323,002	293,639
485,592	9,565,766
28,311,149	32,994,435
31,366,623	44,045,876
(26,469,266)	(41,783,668)
<b>4,897,357</b>	<b>2,262,208</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 7. Inventories

Consumable stores  
Maintenance materials

#### Consumable stores

At cost  
Additions  
Issued (expensed)

#### Maintenance materials

At cost  
Additions  
Issues (expensed)

2012	2011
281,749	70,902
89,380	315,006
<b>371,129</b>	<b>244,104</b>
244,104	233,688
833,134	959,139
(795,489)	(948,723)
<b>281,749</b>	<b>244,104</b>
70,902	70,902
61,737	-
(43,259)	-
<b>89,380</b>	<b>70,902</b>

### 8. Investment property

Investment property

2012			2011		
Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
23,210,509	-	23,210,509	23,210,509	-	23,210,509

#### Reconciliation of investment property - 2012

Investment property

#### Reconciliation of investment property - 2011

Investment property

Opening balance	Revaluations	Total
23,210,509	-	23,210,509
80,165	23,130,344	23,210,509

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### Details of valuation

The Valuation roll for 2012/13 has been used to determine the fair value as it is believe to reflect the market value of properties.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

#### Fair value of investment properties

Portion 6 of Farm Lot 5 Ca No. 8440  
 Portion 7 of Farm Lot 5 Ca No. 8440  
 Lot 56 of Padianagar  
 Lot 1203 of Mandeni - Aloe Road  
 Lot 571 of Mandeni - Anderson Road  
 Lot 504 of Mandeni - Matthews Road  
 Lot 327 of Mandeni - Greig Road  
 Lot 1466 of Mandeni - Aloe Road  
 Lot 884 of Mandeni - 11 Inyathi Road  
 Portion 4 of Farm Lot 13 Tugela No. 13862  
 Portion 2 of Farm Reserve No. 21 No. 16882  
 The Farm Lot 5 B No. 4351 Agricultural  
 The Farm Lot 5 Ca No. 8440  
 Remainder of Farm Lot 30 Inyoni No. 13890  
 Portion 1 of Farm Reserve No. 21 No. 16882  
 Lot 1340 of Mandeni  
 Lot 1018 of Mandeni  
 Lot 175 of Padianager  
 Lot 181 of Tugela

2012	2011
10,000	10,000
20,000	20,000
33,000	33,000
60,000	60,000
92,000	92,000
95,000	95,000
121,000	121,000
296,000	296,000
336,000	336,000
32,000	32,000
360,000	360,000
1,100,000	1,100,000
1,890,000	1,890,000
2,470,000	2,470,000
16,000,000	16,000,000
59,500	59,500
154,000	154,000
41,000	41,000
41,000	41,000
<b>23,210,500</b>	<b>23,210,500</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 9. Property, plant and equipment

Land  
Buildings  
Infrastructure  
Community  
Other assets

2012			2011		
Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
925,000	-	925,000	925,000	-	925,000
10,797,793	(779,630)	10,018,163	10,483,481	(499,500)	9,983,981
196,066,299	(25,889,290)	170,177,009	166,947,544	(12,753,560)	154,193,984
36,653,280	(2,029,015)	34,624,265	25,381,624	(856,076)	24,525,548
12,120,444	(4,257,902)	7,862,542	12,019,237	(3,609,116)	8,410,121
<b>256,562,816</b>	<b>(32,955,837)</b>	<b>223,606,979</b>	<b>215,756,886</b>	<b>(17,718,252)</b>	<b>198,038,634</b>

	Opening balance	Additions	Disposals	Work in Progress	Revaluations	Accumm. Depreciation	Depreciation	Disposals	Total
<b>Reconciliation of property, plant and equipment - 2012</b>									
Land	925,000	-	-	-	-	-	-	-	925,000
Buildings	9,983,981	-	-	-	314,312	-	(280,130)	-	10,018,163
Infrastructure	154,193,984	34,268,834	-	(5,150,071)	-	-	(13,135,738)	-	170,177,009
Community	24,525,548	32,172,608	-	(20,900,819)	-	-	(1,173,072)	-	34,624,265
Other assets	8,410,121	399,582	(298,500)	-	-	(122,948)	(763,852)	238,139	7,862,542
	<b>198,038,634</b>	<b>66,841,024</b>	<b>(298,500)</b>	<b>(26,050,890)</b>	<b>314,312</b>	<b>(122,948)</b>	<b>(15,352,792)</b>	<b>238,139</b>	<b>223,606,979</b>
<b>Reconciliation of property, plant and equipment - 2011</b>									
Land	336,373	-	-	(553,114)	588,627	-	-	-	925,000
Buildings	156,777	553,114	-	-	9,846,251	-	(19,047)	-	9,983,981
Infrastructure	161,755,795	18,051,704	-	(9,671,834)	(9,671,834)	-	(15,941,681)	-	154,193,984
Community	14,063,959	19,747,182	-	12,554,951	12,554,951	(1,014,764)	(497,058)	430,196	24,525,548
Other assets	5,854,649	1,724,125	-	1,877,193	1,877,193	(20,667)	(1,047,833)	22,654	8,410,121
Capital work in progress	3,676,916	-	-	(24,988,948)	(24,988,948)	-	-	-	-
	<b>185,844,469</b>	<b>40,076,125</b>	<b>-</b>	<b>-</b>	<b>(9,793,760)</b>	<b>(1,035,431)</b>	<b>(17,505,619)</b>	<b>452,850</b>	<b>198,038,634</b>



# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### Revaluations

The effective date of the revaluations was . Revaluations were performed by independent valuer, Mr Botha [specify qualifications], of Messrs Botha and Rudd. Botha and Rudd are not connected to the municipality.  
(The valuations are performed by Mr.....[specify qualifications], a accounting officers, every period.)

Land and buildings are re-valued independently every x years.

The valuation was performed using the discounted cash flow approach (other, describe, e.g. recent arms length transaction), and the following assumptions were used: Discount rate Other Other.

These assumptions were based on current market conditions.

#### 10. Intangible assets

Computer software

2012			2011		
Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
344,315	(271,109)	73,206	344,315	(263,850)	80,465

#### Reconciliation of intangible assets - 2012

Computer software

#### Reconciliation of intangible assets - 2011

Computer software

Opening balance	Depreciation	Total
80,465	(7,259)	73,206
87,724	(7,259)	80,465

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 11. Creditors

Trade payables  
Other creditors  
Bank deposits not yet receipted

Opening balance	Total
905,639	5,494,376
1,597,194	1,480,953
503,031	478,051
<b>3,005,864</b>	<b>7,453,380</b>
1,234,283	1,180,287
1,499,013	1,519,531

#### 12. Consumer deposits

Electricity  
No guarantees held in lieu of Electricity Deposits.

#### 13. VAT receivable

VAT  
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

#### 14. Provisions Reconciliation of provisions - 2012

Provision for leave

#### Reconciliation of provisions - 2011

Provision for leave

Opening balance	Contributions to provision	Expenditure incurred	Total
2,152,460	925,655	(778,532)	2,299,583
2,689,523	103,463	(640,526)	2,152,460

The calculation for leave pay provision is based on the assumption that the balance of leave days accumulated by an individual employee should he/she terminate their employment, is payable. It is further assumed, that basic salaries reflect a true and current nature of an employee's remuneration and do not factor any retrospective changes with regards to SALGA negotiations or employee grievances.

#### 15. Employee benefit obligations

##### Post-employment medical benefits

The municipality operated on 5 accredited medical aid schemes, namely KeyHealth, LA Health, SAMWU, Bonitas and HosMed.

Pensioners continue on the option they belonged to on the day of their retirement. The independent valuers, Independent Actuaries and Consultants, carry out a statutory valuation on an annual basis.

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The principal actuarial assumptions used were as follows:

Discount rate per annum  
 Salary inflation  
 Consumer price index (CPI)  
 Health care cost inflation rate  
 Net effective discount rate  
 Average retirement age

Mortality during employment SA 85-90 SA 85-90  
 Mortality post-retirement PA 90-2 PA 90-2

8.10 %	8.50 %
6.40 %	7.00 %
5.40 %	6.00 %
6.90 %	7.00 %
1.10 %	1.40 %
SA 85-90 PA 90-2	SA 85-90 PA 90-2

#### Proportion married

**Age**  
 Age 60+

Males	Females
80.0 %	80.0 %

We have assumed that children and orphans will be subsidised until the age of 21. If a child/orphan is currently over the age of 21, we have assumed that the child/orphan will be considered as an adult by the relevant medical scheme.

We have not make any allowance for active members to have child dependants in retirement. We have assumed that 80% of all members will be married at retirement. The percentage married at retirement is important as it is when the benefit will commence. Any assumptions prior to the age of 63 are considered immaterial due to the commencement date being on retirement.

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year  
 Current service cost  
 Interest cost  
 Expected benefit payments  
 Actuarial (gains)/losses

#### Balance at end of year

2012	2011
3,977,000	3,483,000
275,000	248,000
335,000	311,000
(101,000)	(65,000)
4,248,000	-
<b>8,734,000</b>	<b>3,977,000</b>

Based on the assumption used in the current year, prior year's figure would have been understated.

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 15. Employee benefit obligations

Percentage of in-service members withdrawing before retirement:

Age 20  
Age 30  
Age 40  
Age 50  
Age 55+

2012	2011
	12.0 %
	10.0 %
	6.0 %
	2.0 %
	-%

#### Ill-health and early retirement rates:

Specific ill health and early retirement rates have not been used. We have assumed that all members will retire at an average age of 63. We have further assumed that all members currently on a company sponsored scheme will continue on the medical scheme post-retirement. We have assumed that 20% of members not currently on a company sponsored medical scheme will take the option to join prior to retirement and become eligible for a subsidy.

Table 1 summarises the results of the sensitivity analysis and are disclosed in (R Millions)

#### Assumption

Health care cost inflation  
Mortality

0.5 % decrease in gap 1.6%	Valuation basis	0.5 % increase in gap 0.6%	Valuation basis Pa (90) - 1	PA (90) - 3
9.636	8.734	7.949	-	-
-	-	-	8.734	9.059

#### Long service awards and retirement gift

The independent valuers, Independent Actuaries and Consultants, carry out a statutory valuation on an annual basis.

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The principal actuarial assumptions used were as follows:

Discount rate per annum  
General Salary Inflation (long term)  
Net effective discount rate

Examples of mortality rates used were as follows:

Average retirement age  
Mortality during employment

Members resigned from service (Per 1,000 members)

Age 20  
Age 25  
Age 30  
Age 35  
Age 40  
Age 45+

#### Membership summary

Number of members  
Average age of members (years)  
Average past service (years)  
Average salary

#### Benefit Structure

#### Service (years)

10  
15  
20  
25  
30  
35  
40  
45

2012	2011
8.10 %	8.50 %
6.40 %	7.00 %
1.60 %	1.50 %
63 SA 85-90	63 SA 85-90
	100
	100
	50
	50
	20
	-
152	139
42.9	43.0
11.0	11.2
120.351	N/A
	Awards (Number of Days)
	10
	20
	39
	30
	30
	30
	30
	30

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 15. Employee benefit obligations (continued)

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year  
Current service cost  
Interest cost  
Expected benefit payments  
Recognised actuarial (gains)/losses

**Balance at end of year**

The amounts recognised in the Statement of Financial Performance were as follows:

Current service cost  
Interest cost  
Benefit payments  
Actuarial (gains)/losses

**In conclusion:**

**Statement of Financial Position obligation for**

Long Service Awards Liability  
Retirement Benefit Liability

**Statement of Financial Performance obligation for**

Long Service Award Expense  
Retirement Benefit Expense

Table 1: Sensitivity Analysis on the Unfunded Accrued Liability (R Millions)

2,107,695	1,655,709
194,698	194,698
155,656	155,656
(177,937)	(147,815)
(794,269)	249,447
<b>1,485,843</b>	<b>2,107,695</b>
194,698	194,698
155,656	155,656
(177,937)	(147,815)
(794,269)	249,447
<b>(621,852)</b>	<b>451,986</b>
1,485,843	2,107,695
8,734,000	3,977,000
<b>10,219,843</b>	<b>6,084,695</b>
(621,852)	451,986
4,757,000	494,000
<b>4,135,148</b>	<b>945,986</b>

#### Assumption

Central Assumption  
Cost/saving

1.5 % decrease in gap 1.0%	Valuation basis	0.5 % increase in gap 2.1%
1.545 0.060	1.485 -	1.430 (0.055)

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 16. Unspent conditional grants and receipts

##### Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts  
 Corridor development grant income  
 Gijima grant income  
 Management assistance programme  
 Municipal system improvement grant  
 MIG grants  
 Sport and recreation grant  
 NDP grant  
 Housing capital grant  
 SMME Nedbank

See note 25 for reconciliation of grants and receipts.

These amounts are invested in a ring-fenced investment until utilised.

#### 17. Long term liabilities

Annuity loans

##### Non-current liabilities

Annuity loans

##### Current liabilities

Annuity loans

##### Reconciliation of borrowings

Opening balance  
 Less: Payments  
 Non-current: Annuity loans  
 Current: Annuity loans

##### Closing balance

88,457	555,010
13,959	13,959
-	(1)
-	47
1,270,903	1
354,499	237,490
8,691,517	(634,891)
-	5,859
17,912	114,912
10,437,247	292,386
-	-
-	134,499
-	34,185
-	100,314
-	134,499
134,499	330,840
(134,499)	(196,341)
-	34,185
-	100,314
-	134,499



# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 18. Finance lease obligation

##### Future finance charges

- ⚙ within one year
- ⚙ in second to fifth year inclusive

##### Future finance charges

##### Present value of minimum lease payments

- ⚙ within one year
- ⚙ in second to fifth year inclusive
- ⚙ later than five years

The average lease term is 5 years and the average effective borrowing rate is 11.5%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased assets.

#### 19. Housing operating account

##### Housing operating account

Balance  
Interest income

##### Interest on housing fund

Interest received  
Transfer to Housing reserve fund

2012 R	2011 R
196,398	230,065
230,486	206,744
<b>426,884</b>	<b>436,809</b>
-	-
-	-
-	-
-	-
1,572,968	1,504,440
53,932	68,528
<b>1,626,900</b>	<b>1,572,968</b>
53,932	68,528
(53,932)	(68,528)
-	-

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 20. Revenue

Property rates  
 Property rates - Penalties imposed and collection charges  
 Service charges  
 Rental of facilities & equipment  
 Fines  
 Licences and permits  
 Government grants & subsidies

#### The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges  
 Rental of facilities & equipment  
 Licences and permits

#### The amount included in revenue arising from non-exchange transactions is as follows:

##### Taxation revenue

Property rates  
 Property rates - Penalties imposed and collection charges  
 Fines

##### Transfer revenue

Government Grant and Subsidies

2012 R	2011 R
20,866,449	20,451,224
352,549	392,998
15,984,020	13,354,630
203,795	186,623
90,599	451,559
1,566	1,191,138
97,587,456	102,339,356
<b>135,086,434</b>	<b>138,367,528</b>
15,984,020	13,354,630
203,795	186,623
1,566	1,191,138
<b>16,189,381</b>	<b>14,732,391</b>
20,866,449	20,451,224
352,549	392,998
<b>90,599</b>	<b>451,559</b>
97,587,456	102,339,356
<b>118,897,053</b>	<b>123,635,137</b>

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 21. Property rates

##### Rates received

Residential  
Commercial  
State

Property rates - penalties imposed and collection charges

##### Valuations

Residential  
Commercial  
Industrial  
Industrial Estate Special  
Mining  
Agricultural  
Institutional  
Public Services Infrastructure  
Municipal Properties

Commercial includes industrial mining and agriculture.

State includes institutional and public services infrastructure.

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2007. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

2012 R	2011 R
6,763,692	7,845,121
8,832,885	10,434,889
5,269,872	2,171,214
20,866,449	20,451,224
352,549	392,998
<b>21,218,998</b>	<b>20,844,222</b>
686,928,000	679,268,000
107,906,500	107,906,500
48,508,000	64,363,000
433,360,000	417,505,000
14,000,000	14,000,000
293,303,000	299,728,000
148,801,000	50,337,000
352,441,000	137,657,000
33,972,000	-
<b>2,119,219,500</b>	<b>1,770,764,500</b>

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The following are the rates randage that were applied to the valuations in respect of the various categories:

Residential  
Commercial  
Industrial  
Industrial  
Estate Special Mining  
Agriculture  
Public Service Infrastructure  
State

All residential property owners are exempt from paying rates on the first R15,000.00 value of property. All pensioners, the disabled and medically boarded owners are eligible for the rebates.

Rates are levied on an annual basis with the final date for payment being 31 May 2012 (31 May 2011).

#### 22. Service charges

Sale of electricity  
Refuse removal

#### 23. Rental of facilities and equipment

Hall hire  
Staff housing

#### 24. Interest received - external investments

Bank

2012 R	2011 R
R0.0121	R0.0112
R0.0193	R0.0179
R0.0205	R0.0190
R0.0178	R0.0165
R0.0229	R0.0212
R0.0030	R0.0028
R0.0030	R0.0028
R0.0181	R0.0168
10,720,348	8,978,793
5,263,672	4,375,837
<b>15,984,020</b>	<b>13,354,630</b>
18,951	20,953
184,844	165,670
<b>203,795</b>	<b>186,623</b>
2,282,713	2,001,559

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 25. Government grants and subsidies

Equitable share  
 Finance management grant  
 Municipal systems improvement grant  
 Grant roll overs  
 Health subsidy  
 MIG grant  
 Housing grant  
 Neighbourhood development partnership grant  
 Library grant  
 Corridor/Shared service  
 Sport facilities grant  
 SMME training grant

#### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Balance unspent at beginning of year  
 Current-year receipts  
 Conditions met - transferred to revenue

#### Finance management grant

Balance unspent at beginning of year  
 Current-year receipts  
 Conditions met - transferred to revenue

Conditions still to be met - remain liabilities (see note 16).

This grant is used to set up and support the budget and treasury office and financing the appointment of finance interns.

2012 R	2011 R
57,058,000	49,628,975
1,264,666	1,141,112
733,300	672,400
329,866	14,190,175
1,127,000	1,103,542
17,533,694	11,508,698
2,768,461	9,848,036
16,079,798	12,630,302
562,680	90,000
-	1,526,116
32,991	-
97,000	-
<b>97,587,456</b>	<b>102,339,356</b>
-	-
57,058,000	49,628,975
(57,058,000)	(49,628,975)
-	-
-	-
-	-
1,450,000	1,200,000
(1,450,000)	(1,200,000)
-	-

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### Municipal system improvement grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

Conditions still to be met - remain liabilities (see note 16).

This grant was used to implement new financial systems, the GRAP conversion process, ward participation and debt management activities.

#### Management assistance programme

Balance unspent at beginning of year  
Conditions met - transferred to revenue

Conditions still to be met - remain liabilities (see note 16).

The grant is used to set up policies and procedures and to assist with issues of good governance.

#### Local government support grant

Balance unspent at beginning of year  
Conditions met - transferred to revenue

Conditions still to be met - remain liabilities (see note 16).

This is the initiative by Provincial COGTA to ensure that proper governance structures are created in municipalities.

#### Health subsidy

Current-year receipts  
Conditions met - transferred to revenue

Conditions still to be met - remain liabilities (see note 16).

The municipality renders health services on behalf of the Provincial Government. This grant is used to fund the clinic services.

2012 R	2011 R
47	(1)
790,000	750,000
(790,047)	(749,952)
-	47
(1)	276,076
1	(276,077)
-	(1)
-	397,556
-	(397,556)
-	-
-	1,103,542
-	(1,103,542)
-	-

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 25. Government grants and subsidies (continued)

##### MIG grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

Conditions still to be met - remain liabilities (see note 16). This grant is used to construct roads infrastructure.

##### Housing grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

Conditions still to be met - remain liabilities (see note 16).

This grant is used to construct the low cost housing infrastructure by the Department of Housing (Provincial).

##### Neighbourhood development partnership grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

Conditions still to be met - remain liabilities (see note 16).

The focus of this grant is to stimulate and accelerate investment in poor underserved residential neighbourhood areas.

2012 R	2011 R
1	3,152,719
21,259,314	13,987,000
(19,988,412)	(17,139,718)
<b>1,270,903</b>	<b>1</b>
5,859	22,715
2,762,602	9,452,937
(2,768,461)	(9,469,793)
<b>-</b>	<b>5,859</b>
(634,891)	10,584,745
27,000,000	13,670,000
(17,673,592)	(24,889,636)
<b>8,691,517</b>	<b>(634,891)</b>



# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### Library grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

Conditions still to be met - remain liabilities (see note 16).

This grant is utilised to fund the acquisition of library materials.

#### Corridor development grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

Conditions still to be met - remain liabilities (see note 16).

This grant is used to promote local economic development on tourism nodes identified by the KZN Corridor Development Programme within the northern municipal planning region. A beach facility has been created.

#### Gijima grant

Balance unspent at beginning of year  
Current-year receipts

Conditions still to be met - remain liabilities (see note 16).

The funds received are utilised for the promotion of tourism and LED activities.

2012 R	2011 R
-	-
562,680	90,000
(562,680)	(90,000)
-	-
555,010	1,663,405
213,626	2,317,790
(680,179)	(3,426,185)
<b>88,457</b>	<b>555,010</b>
13,959	13,959
-	-
<b>13,959</b>	<b>13,959</b>

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 25. Government grants and subsidies (continued)

##### Sports and recreation grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

Conditions still to be met - remain liabilities (see note 16).

Department of sport and recreation provides funds for the development of local sport facilities.

##### SMME training grant

Balance unspent at beginning of year  
Current-year receipts  
Conditions met - transferred to revenue

Conditions still to be met - remain liabilities (see note 16).

This grant was used to capacitate SMMEs.

##### Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2010), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

2012 R	2011 R
237,490	237,490
150,000	-
(32,991)	-
<b>354,499</b>	<b>237,490</b>
114,912	-
-	200,000
(97,000)	(85,088)
<b>17,912</b>	<b>114,912</b>

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 26. Other income

Building plan fees
Sundry income
Traffic escort services
Testing of meters
Donations
Connection fees
Entrance fees - swimming pool
Photocopy charges
Rates certificates
Reconnection fees
Seta refunds
VAT income
Business LED

2012 R	2011 R
29,212	96,610
529,005	627,056
-	219
-	809
-	3,000
3,929	29,507
9,400	11,601
25,775	23,266
15,512	14,595
10,022	77,110
118,894	-
5,066,567	5,537,087
1,666	-
<b>5,809,982</b>	<b>6,420,860</b>
17,728,095	17,082,835
1,648,604	1,489,758
178,896	172,693
23,495	18,756
311,653	276,568
925,655	103,463
2,598,657	2,498,222
751,018	437,174
2,063,739	1,853,614
137,472	135,054
190,014	163,630
74,639	90,090
<b>26,631,937</b>	<b>24,321,857</b>

#### 27. Employee related costs

Basic
Medical aid - company contributions
UIF
WCA
SDL
Leave pay provision charge
Post-employment benefits - Pension - Defined contribution plan
Overtime payments
Car allowance
Housing benefits and allowances
Cellphone allowance
Pension surcharge

There were no advances to employees/Loans to employees are set out in note 6.

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 27. Employee related costs (continued)

##### Remuneration of municipal manager

Annual Remuneration	704,702	583,704
Travel, motor car, accommodation, subsistence and other allowances	108,840	296,285
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	29,272	67,124
	<b>842,814</b>	<b>947,113</b>

##### Remuneration of chief finance officer

Annual Remuneration	543,290	490,694
Travel, motor car, accommodation, subsistence and other allowances	240,674	252,520
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	34,672	36,563
	<b>818,636</b>	<b>779,777</b>

##### Remuneration of individual executive directors (corporate services)

Annual Remuneration	553,887	472,694
Travel, motor car, accommodation, subsistence and other allowances	333,069	246,514
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	11,151	62,165
	<b>898,107</b>	<b>781,373</b>

##### Remuneration of individual executive directors (technical services)

Annual Remuneration	672,624	367,897
Travel, motor car, accommodation, subsistence and other allowances	136,500	107,686
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	9,439	45,038
	<b>818,563</b>	<b>520,621</b>

2012 R	2011 R
704,702	583,704
108,840	296,285
-	-
29,272	67,124
<b>842,814</b>	<b>947,113</b>
543,290	490,694
240,674	252,520
-	-
34,672	36,563
<b>818,636</b>	<b>779,777</b>
553,887	472,694
333,069	246,514
-	-
11,151	62,165
<b>898,107</b>	<b>781,373</b>
672,624	367,897
136,500	107,686
-	-
9,439	45,038
<b>818,563</b>	<b>520,621</b>

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 28. Remuneration of councillors

Executive Mayor  
Deputy Executive Mayor  
Mayoral Committee Members  
Speaker  
Councillors  
Councillors' allowances

##### In-kind benefits

The Executive Mayor has use of the Council owned vehicle for official duties.

The Executive Mayor has two full-time bodyguards.

#### 29. Depreciation and amortisation

Property, plant and equipment

#### 30. Finance costs

Borrowings

#### 31. Bulk purchases

Electricity

#### 32. Contracted services

Security of municipal property  
Solid waste management

Enforce Security and Libra Security are responsible of the security of the municipal property.  
Mandeni Waste Removal is responsible for the removal of solid waste management.

2012 R	2011 R
230,036	275,743
225,770	161,704
801,317	719,804
446,194	365,562
3,959,807	3,049,924
1,859,631	1,638,448
15,360,051	17,505,618
14,263	43,137
7,269,436	5,868,382
2,261,099	1,925,442
7,170,746	7,052,732
<b>9,431,845</b>	<b>8,978,174</b>

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 33. Grants and subsidies paid

##### Other subsidies

Management assistance programme
Finance management grant
Municipal systems improvement grant
Grants rolled over
Local economic development
MIG Capital
Housing capital
Library grant
Sport facilities grant

2012 R	2011 R
1	(1)
1,264,661	1,141,112
733,300	672,400
329,866	1,425,856
97,000	-
(1)	-
2,768,469	9,848,036
562,680	90,000
32,991	-
<b>5,788,967</b>	<b>13,177,403</b>
178,648	203,539
304,714	51,266
-	3,419
271,202	374,673
71,726	77,508
1,649,756	1,188,151
168,225	211,930
-	1,121,431
9,143	2,460
60,316	73,820
540,435	490,612
41,181	-
5,520	560
1,406,934	1,020,287
86,833	417,487
229,991	225,022
247,521	205,044
19,257	446,629
100,977	22,000
944,270	973,405
418,028	1,006,091

#### 34. General expenses

Advertising
Aids awareness
Arts and culture forum
Audit - internal
Audit committees
Auditors remuneration
Bank charges
Contributions to capital outlay
Dog unit
Electricity - health
Electricity - internal
Environmental forum
Fire arm shooting
Fuel and oil
GRAP implementation
Health supplies
Hire
Insurance
LED Forum
Lease rentals on operating lease
Legal and professional fees

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Licenses  
Literature acts and books  
Office cleaning  
Office teas  
Other expenses  
Pauper/indigent burial  
Postage and courier  
Printing and stationery  
Property revaluation  
Protection services  
Public functions  
Public participation  
Publications  
Rates council property  
Refuse  
Shared services  
Small tools  
Special programmes  
Sports and recreation  
Subscriptions and membership fees  
Subsistence and travelling  
Sundry expenses  
Telephone and fax  
Town planning costs  
Training  
Tuck shop - expenses  
Uniforms  
Ward committees  
Water  
Workmans compensation  
Youth programmes

2012 R	2011 R
368,879	228,143
12,847	8,105
78,017	77,695
33,539	10,356
62,910	843,226
78,277	92,276
209,681	193,292
400,875	343,995
868,139	150,000
5,108	11,326
681,558	385,604
423,074	530,692
313,089	282,531
71,445	8,945
7,549	1,774
502,798	-
9,421	14,241
516,440	190,696
361,488	358,728
403,322	348,327
747,805	466,177
664,388	514,796
1,158,345	1,153,661
-	455
731,270	631,970
38,922	-
105,190	80,240
290,227	139,657
253,759	361,948
180,693	150,033
76,034	110,510
<b>16,409,766</b>	<b>15,804,733</b>

**35. Profit/(Loss) on Fair Value Adjustment**  
No fair value adjustments made on assets.



# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 36. Cash generated from operations

Surplus

##### Adjustments for:

Depreciation and amortisation

Loss on sale of assets and liabilities

Inventory write down

Impairment loss

Debt impairment

Movements in retirement benefit assets and liabilities

Movements in provisions

Other non-cash items: Roll over grants

Other non-cash items: Debt impairment

##### Capitalisation of Grants that met/condition on assets

Revaluation of Property, plant and equipment

Contributions to retirement benefits

Consumer debtors

Call investments deposits

Creditors

VAT

Unspent conditional grants and receipts

Consumer deposits

Moving in housing operating account

2012 R	2011 R
47,292,253	35,051,423
15,360,051	17,505,618
60,367	-
(624)	-
-	585,849
3,080,776	9,688,680
4,135,148	945,986
147,123	(537,063)
41,450,022	-
(13,518,254)	-
(56,123)	(10,416)
(2,692,464)	3,911,889
(6,878,188)	(9,483,613)
(25,269,772)	(6,372,005)
(4,447,515)	4,125,327
20,518	(1,824,989)
10,144,861	(16,056,277)
53,996	187,275
-	68,496
<b>68,882,175</b>	<b>37,786,180</b>
-	134,499
-	(134,499)
-	-

#### 37. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised

Used to finance property, plant and equipment

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 38. Changes in accounting policy

The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the discontinued use of Directive 4 and changes to existing policy as at 30 June 2012.

##### Correction of errors in accordance with GRAP 3

During the year, the municipality changed its accounting policy with respect to the treatment of Property Plant and Equipment. In order to fully implement GRAP 17 - PPE.

The comparative amount has been restated as follows:

Revaluation on investment property  
 Revaluation of land and buildings  
 Re instated PPE due to threshold disbanded  
 Correction of duplication  
 Assets written off due to vague description  
 Overstated on MAMS take on balances  
 Reversal of accumulated depreciation

2012 R	2011 R
-	23,210,500
-	6,886,000
-	1,896,308
-	(17,146,664)
-	(9,146,988)
-	(367,282)
-	8,088,436
-	<b>13,420,310</b>
233,979,818	-
5,331,875	-
<b>239,311,693</b>	-
(26,070,538)	-
8,088,436	-
<b>(17,982,102)</b>	-

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 30 June 2011 is as follows:

#### Statement of financial position

##### Property, plant and equipment

Previously stated  
 Adjustment

##### Accumulated depreciation

Previously stated  
 Adjustment

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 39. Prior period errors

The correction of the error(s) results in adjustments as follows:

#### 40. Fruitless and wasteful expenditure

##### Reconciliation of fruitless and wasteful expenditure

Opening balance  
Condoned or written off by Council  
To be recovered - contingent asset

##### Fruitless and wasteful expenditure awaiting condonement

#### 41. Irregular expenditure

##### Reconciliation of irregular expenditure

Opening balance  
Irregular Expenditure - current year  
Condoned or written off by Council

##### Irregular expenditure awaiting condonement

##### Details of irregular expenditure - current year

Incident  
Payments made without Reasons for not having three quotation  
No public invitation was made for quotations above R30,000.00  
Payments made without obtaining Tax clearance  
Payments made to suppliers who are not on the database  
Procurement with employees in the service of the state

Disciplinary steps taken/criminal proceedings  
Not Applicable

Not Applicable

##### Details of irregular expenditure - prior year

Incident  
Payments made without Reasons for not having three quotation  
Payments made without obtaining Tax clearance  
Awards made to suppliers who are not on the database

Disciplinary steps taken/criminal proceedings  
Not Applicable  
Not Applicable  
Not Applicable

2012 R	2011 R
-	162,804
-	(162,804)
-	-
-	-
49,368,096	40,064,356
5,533,055	9,303,740
(51,924,892)	-
<b>2,976,259</b>	<b>49,368,096</b>
	194,700
	2,218,629
	1,182,619
	1,354,177
	582,930
	<b>5,533,055</b>
	4,876,613
	353,046
	4,074,081
	<b>9,303,740</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### Minimum lease payments due

- within one year
- in second to fifth year inclusive
- later than five years

2012 R	2011 R
1,038,767	119,125
1,923,604	701,271
-	-
<b>2,962,371</b>	<b>820,396</b>

Operating leases consists of the following:

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of five years and rentals are fixed for an average of three years. No contingent rent is payable.

#### 44. Retirement benefit information

##### Defined Benefit Plan

The following are defined benefit plans: Natal Joints Superannuation, Retirement and Provident Funds (NJMP). These are not treated as defined benefit plans as defined by IAS 19, but are accounted for as defined contribution plans. This is in line with the exemption in IAS 19 par. 30 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans. The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by multi-employer plan. It is therefore deemed impractical to obtain this information at a suitable level of detail. Current contributions by council are charged against expenditure on the basis of current service costs. Full actuarial valuations are performed at least every 5 years. The last valuation was done on 31 March 2006.

An interim valuation carried on the NJMP Superannuation (Defined Benefit) at 31 March 2006 concluded that the surcharge of 6% be retained for the year 30 June 2007 and thereafter at 4.5%.

The latest statutory valuation of the NJMP Retirement (Defined Benefit) as at 31 March 2007 reflects a fund deficit of R229,8 million in respect of the members. The total contribution rate payable, including the total surcharge of 14%, will eliminate the deficit by the year 2010.

The latest statutory valuation of the NJMP Provident Fund (Defined Contribution) as at 03 March 2007 revealed that the fund was in a sound financial position.

An amount of R2 498 218 was contributed by council in respect of councillors' and employees' retirement funding. These contributions have been expensed and are included in employee related costs for the year.

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2012 R	2011 R
-	1,500,000

#### 45. Contingencies

##### Contingent liabilities

Mandeni municipality vs Sparks motors

Claims against the municipality on service contract cancelled before it expire. Deneys Reitz attorneys were involved in the matter to defend the claim. In finalising the matter the court ordered that due to non-appearance of the plaintiff in the court the case is dismissed with costs.

##### Contingent assets

No contingent asset was reported in this financial year.

#### 46. Related parties

No related party transactions and/or balances.

#### 47. Events after the reporting date

There are no events that were reported at the reporting date.

#### 48. Key sources of estimation uncertainty and judgements

The following areas involve a significant degree of estimation uncertainty:

- ⚙ Useful lives and residual values of property, plant and equipment
- ⚙ Fair value of plan assets
- ⚙ Provision for doubtful debts
- ⚙ Impairment of assets

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### 49. Risk management

##### Financial instruments

Exposure to currency, interest rate, credit and liquidity risks arise in the normal course of the municipality's business.

##### Financial risk management

The municipality has exposure to the following risks from its use of financial instruments:

- ⚙ Liquidity Risk
- ⚙ Interest Rate Risk
- ⚙ Credit Risk



# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

This note presents information about the municipality's exposure to each of the above risks and its objectives, policies and processes for measuring and managing risks. Further quantitative disclosures are included throughout these financial statements.

The Council and the Accounting Officer have overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies together with the established risk management committee are in place to identify and analyze the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the municipality's activities.

The municipality through its training and management standards and procedures, aim to develop a disciplined and constructive environment in which all employees understand their roles and obligations.

#### Financial Assets

Investments

Receivables

Inventories

Cash and cash equivalents

#### Total Assets

#### Financial Liabilities

Creditors

Deposits

#### Trade and other payables

Loans received

Unspent grants

#### Total Liabilities

2012 R	2011 R
60,241,721	5,687,455
11,664,586	6,954,651
371,129	315,006
2,805,932	29,291,499
<b>75,083,368</b>	<b>42,248,611</b>
3,235,905	7,453,379
1,234,283	1,180,287
4,470,188	8,633,666
-	134,499
10,437,247	970,610
<b>14,907,435</b>	<b>9,738,775</b>

The Accounting Officer is of the opinion that the values reflected in the financial statements are a true reflection of Fair values of both the Financial Assets and Liabilities.

#### Basis of determining Fair Value

#### Trade and other receivables/payables

The fair value of trade & other receivable is estimated to be the actual receipts expected adjusted for possibility of doubtful debt. Payables are settled within 30 days of receipt of invoice and therefore are reflected at the settlement amount.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### 49. Risk management (continued)

The ageing of trade receivables at the reporting date was  
 Current  
 Past Due: 0 -120  
 More than 120

2011 Gross	2011 Impairment	2010 Gross	2010 Impairment
-	-	1,563,637	969,561
-	-	81,247	81,247
-	-	731,227	731,227

#### 50. Statement of comparative and actual information

##### Financial Performance

Property rates	17,700,000	17,700,000	17,700,000	21,218,998	(3,518,998)	120 %	120 %
Service charges	16,331,000	16,331,000	16,331,000	15,984,020	346,980	98 %	98 %
Investment revenue	1,500,000	2,000,000	2,000,000	2,282,713	(282,713)	114 %	152 %
Transfers recognised - income	65,144,000	65,144,000	65,144,000	60,642,823	4,501,177	93 %	93 %
Other own income	12,874,000	6,264,000	6,264,000	19,624,820	(13,360,820)	313 %	152 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>113,549,000</b>	<b>107,439,000</b>	<b>107,439,000</b>	<b>119,753,374</b>	<b>(12,314,374)</b>	<b>111 %</b>	<b>105 %</b>
Employee costs	(33,759,000)	(35,690,000)	(35,690,000)	(30,010,057)	(5,679,943)	84 %	89 %
Remuneration of councillors	(7,637,000)	(7,637,000)	(7,637,000)	(7,522,755)	(114,245)	99 %	99 %
Debt impairment	-	-	-	(3,080,776)	3,080,776	DIV/0 %	DIV/0 %
Depreciation and asset impairment	(3,307,000)	(3,307,000)	(3,307,000)	(15,360,051)	12,053,051	464 %	464 %
Finance charges	-	-	-	(14,263)	14,263	DIV/0 %	DIV/0 %
Materials and bulk purchases	(15,925,000)	(16,175,000)	(16,175,000)	(7,269,436)	(8,905,564)	45 %	46 %
Transfers and grants	(7,944,000)	(7,944,000)	(7,944,000)	(5,788,967)	(2,155,033)	73 %	73 %
Other expenditure	(37,418,000)	(32,737,000)	(32,737,000)	(40,359,449)	7,622,449	123 %	108 %
<b>Total expenditure</b>	<b>(105,990,000)</b>	<b>(103,490,000)</b>	<b>(103,490,000)</b>	<b>(109,405,754)</b>	<b>5,915,754</b>	<b>106 %</b>	<b>103 %</b>
<b>Surplus/(Deficit)</b>	<b>7,559,000</b>	<b>3,949,000</b>	<b>3,949,000</b>	<b>10,347,620</b>	<b>(6,398,620)</b>	<b>262 %</b>	<b>137 %</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Contributions recognised- capital and contributed assets	(77,756,000)	(87,252,000)	(87,252,000)	36,944,633	(124,196,633)	(42)%	(48)%
Transfers recognised - capital	70,197,000	83,303,000	83,303,000	-	83,303,000	-%	-%
<b>Surplus (Deficit) after capital transfers and contributions</b>	-	-	-	<b>47,292,253</b>	<b>(47,292,253)</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>
<b>Surplus/(Deficit) for the year</b>	-	-	-	<b>47,292,253</b>	<b>(47,292,253)</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>
<b>Capital expenditure and funds sources</b>							
<b>Sources of capital funds</b>							
Total capital expenditure	70,197,000	83,303,000	83,303,000	70,197,000	13,106,000	84 %	100 %
Internally generated funds	7,559,000	3,949,000	3,949,000	3,949,000	-	100 %	52 %
<b>Total sources of capital funds</b>	<b>77,756,000</b>	<b>87,252,000</b>	<b>87,252,000</b>	<b>74,146,000</b>	<b>13,106,000</b>	<b>85 %</b>	<b>95 %</b>
<b>Cash flows</b>							
Net cash from (used) operating	-	-	-	68,882,175	(68,882,175)	DIV/0 %	DIV/0 %
Net cash from (used) investing	-	-	-	(66,602,891)	66,602,891	DIV/0 %	DIV/0 %
Net cash from (used) financing	-	-	-	(134,499)	134,499	DIV/0 %	DIV/0 %
<b>Net increase / (decrease) in cash and cash equivalents</b>	-	-	-	<b>2,144,785</b>	<b>(2,144,785)</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>
Cash and cash equivalents at the beginning of the year	-	-	-	803,188	(803,188)	DIV/0 %	DIV/0 %
<b>Cash and cash equivalents at year end</b>	-	-	-	<b>2,947,973</b>	<b>(2,947,973)</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### MANDENI MUNICIPALITY UNAUDITED APPENDIX A JUNE 2012

Schedule of External Loans as at 30 June 2011

	Loan Number	Redeemable	Balance at 30 June 2011 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2012 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
<b>Annuity loans</b>								
DBSA @ 15.82%	1	31/12/2010	-	-	-	-	-	-
DBSA @ 15.82%	2	31/12/2011	53,963	-	53,963	-	-	-
DBSA @ 15.82%	3	31/12/2012	16,960	-	16,960	-	-	-
DBSA @ 15.82%	4	31/12/2013	63,530	-	63,530	-	-	-
			<b>134,453</b>	-	<b>134,453</b>	-	-	-
<b>Total external loans</b>								
Annuity loans			134,453	-	134,453	-	-	-
			<b>134,453</b>	-	<b>134,453</b>	-	-	-

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### MANDENI MUNICIPALITY UNAUDITED APPENDIX B JUNE 2012

Analysis of property, plant and equipment as at 30 June 2011

	Cost/Revaluation						Accumulated depreciation							
	Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Land and buildings														
Land	925,000	-	-	-	-	-	925,000	-	-	-	(280,130)	-	(280,130)	644,870
Buildings	10,483,481	-	-	314,312	-	-	10,797,793	(499,500)	-	-	-	-	(499,500)	10,298,293
	11,408,481	-	-	314,312	-	-	11,722,793	(499,500)	-	-	(280,130)	-	(779,630)	10,943,163
Infrastructure														
Roads	164,729,074	28,807,607	-	-	-	-	193,536,681	(12,616,026)	-	-	(13,066,259)	-	(25,682,285)	167,854,396
Transmission & Reticulation	1,759	-	-	-	-	-	1,759	(107)	-	-	-	-	(107)	1,652
Electricity Mains	2,216,702	-	-	-	-	-	2,216,702	(137,427)	-	-	(69,471)	-	(206,898)	2,009,804
	166,947,535	28,807,607	-	-	-	-	195,755,142	(12,753,560)	-	-	(13,135,730)	-	(25,889,290)	169,865,852
Community Assets														
Recreational grounds	10,951,023	10,992,714	-	-	-	-	21,943,737	-	-	-	(268,588)	-	(268,588)	21,675,149
Civic buildings	12,907,523	590,098	-	-	-	-	13,497,621	(430,429)	-	-	(863,653)	-	(1,294,082)	12,203,539
Stadiums	1,523,078	-	-	-	-	-	1,523,078	(425,646)	-	-	(40,699)	-	(466,345)	1,056,733
	25,381,624	11,582,812	-	-	-	-	36,964,436	(856,075)	-	-	(1,172,940)	-	(2,029,015)	34,935,421

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### MANDENI MUNICIPALITY UNAUDITED APPENDIX B JUNE 2012

Analysis of property, plant and equipment as at 30 June 2011

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Other assets</b>														
Motor vehicles	2,444,472	-	-	-	-	-	2,444,472	(745,662)	-	-	(206,948)	-	(952,610)	1,491,862
Computer Equipment	2,144,484	228,870	(286,759)	-	-	-	2,086,595	(1,212,223)	229,134	-	(193,756)	-	(1,176,845)	909,750
Furniture & Fittings	723,671	127,016	(1,474)	-	-	-	849,213	(200,050)	1,005	-	(55,673)	-	(254,718)	594,495
Office Equipment	1,142,628	27,381	(2,017)	-	-	-	1,167,992	(615,517)	1,613	-	(66,851)	-	(680,755)	487,237
Bins and Containers	114,385	-	-	-	-	-	114,385	(40,969)	-	-	(9,169)	-	(50,138)	64,247
Other assets	441,489	-	(800)	-	-	-	440,689	(143,650)	427	-	(49,318)	-	(192,541)	248,148
Plant /Emergency equipment	5,008,108	16,448	(7,450)	-	-	-	5,017,106	(651,046)	5,960	-	(305,210)	-	(950,296)	4,066,810
	<b>12,019,237</b>	<b>399,715</b>	<b>(298,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,120,452</b>	<b>(3,609,117)</b>	<b>238,139</b>	<b>-</b>	<b>(886,925)</b>	<b>-</b>	<b>(4,257,903)</b>	<b>7,862,549</b>
<b>Total property plant and equipment</b>														
Land and buildings	11,408,481	-	-	314,312	-	-	11,722,793	(499,500)	-	-	(280,130)	-	(779,630)	10,943,163
Infrastructure	166,947,535	28,807,607	-	-	-	-	195,755,142	(12,753,560)	-	-	(13,135,730)	-	(25,889,290)	169,865,852
Community Assets	25,381,624	11,582,812	-	-	-	-	36,964,436	(856,075)	-	-	(1,172,940)	-	(2,029,015)	34,935,421
Other assets	12,019,237	399,715	(298,500)	-	-	-	12,120,452	(3,609,117)	238,139	-	(886,925)	-	(4,257,903)	7,862,549
	<b>215,756,877</b>	<b>40,790,134</b>	<b>(298,500)</b>	<b>314,312</b>	<b>-</b>	<b>-</b>	<b>256,562,823</b>	<b>(17,718,252)</b>	<b>238,139</b>	<b>-</b>	<b>(15,475,725)</b>	<b>-</b>	<b>(32,955,838)</b>	<b>223,606,985</b>
<b>Investment properties</b>														
Investment property	23,210,500	-	-	-	-	-	23,210,500	-	-	-	-	-	-	23,210,500
	<b>23,210,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,210,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,210,500</b>
<b>Total</b>														
Land and buildings	11,408,481	-	-	314,312	-	-	11,722,793	(499,500)	-	-	(280,130)	-	(779,630)	10,943,163
Infrastructure	166,947,535	28,807,607	-	-	-	-	195,755,142	(12,753,560)	-	-	(13,135,730)	-	(25,889,290)	169,865,852
Community Assets	25,381,624	11,582,812	-	-	-	-	36,964,436	(856,075)	-	-	(1,172,940)	-	(2,029,015)	34,935,421
Other assets	12,019,237	399,715	(298,500)	-	-	-	12,120,452	(3,609,117)	238,139	-	(886,925)	-	(4,257,903)	7,862,549
Intangible assets	344,315	-	-	-	-	-	344,315	(263,850)	-	-	(7,259)	-	(271,109)	73,206
Investment properties	23,210,500	-	-	-	-	-	23,210,500	-	-	-	-	-	-	23,210,500
	<b>239,311,692</b>	<b>40,790,134</b>	<b>(298,500)</b>	<b>314,312</b>	<b>-</b>	<b>-</b>	<b>280,117,638</b>	<b>(17,982,102)</b>	<b>238,139</b>	<b>-</b>	<b>(15,482,984)</b>	<b>-</b>	<b>(33,226,947)</b>	<b>246,890,691</b>

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### MANDENI MUNICIPALITY UNAUDITED APPENDIX B JUNE 2012

Analysis of property, plant and equipment as at 30 June 2010

	Cost/Revaluation						Accumulated depreciation							
	Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Land and buildings														
Land	336,373	-	-	-	588,627	-	925,000	-	-	-	-	-	-	925,000
Buildings	518,883	553,114	-	(553,114)	9,964,598	-	10,483,481	(362,101)	-	(118,352)	(19,047)	-	(499,500)	9,983,981
	855,256	553,114	-	(553,114)	10,553,225	-	11,408,481	(362,101)	-	(118,352)	(19,047)	-	(499,500)	10,908,981
Infrastructure														
Roads	161,590,806	18,051,704	-	-	(14,913,436)	-	164,729,074	(15,284,302)	-	3,867,615	(1,199,339)	-	(12,616,026)	152,113,048
Transmission & Reticulation	1,718	41	-	-	-	-	1,759	(107)	-	-	-	-	(107)	1,652
Electricity Mains	1,970,264	-	-	-	246,438	-	2,216,702	(1,165,927)	-	1,125,887	(97,387)	-	(137,427)	2,079,275
	163,562,788	18,051,745	-	-	(14,666,998)	-	166,947,535	(16,450,336)	-	4,993,502	(1,296,726)	-	(12,753,560)	154,193,975
Community Assets														
Sportsfields and stadium	13,498	-	-	-	(13,498)	-	-	(867)	-	867	-	-	-	-
Recreational grounds	13,799,288	11,973,316	-	(20,758,918)	5,937,337	-	10,951,023	(2,387,492)	-	2,387,782	(290)	-	-	10,951,023
Civic buildings	2,311,469	7,773,866	(1,011,494)	-	3,833,682	-	12,907,523	(989,227)	426,927	225,743	(93,872)	-	(430,429)	12,477,094
Stadiums	1,333,424	-	-	-	189,654	-	1,523,078	(3,504)	-	(19,246)	(402,896)	-	(425,646)	1,097,432
	17,457,679	19,747,182	(1,011,494)	(20,758,918)	9,947,175	-	25,381,624	(3,381,090)	426,927	2,595,146	(497,058)	-	(856,075)	24,525,549



# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### MANDENI MUNICIPALITY UNAUDITED APPENDIX B JUNE 2012

Analysis of property, plant and equipment as at 30 June 2010

	Cost/Revaluation						Accumulated depreciation							
	Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Other assets														
Motor vehicles	3,937,804	239,628	-	-	(1,732,960)	-	2,444,472	(1,254,433)	-	997,400	(488,629)	-	(745,662)	1,698,810
Computer Equipment	1,788,029	155,437	-	-	201,018	-	2,144,484	(1,156,596)	-	147,414	(203,041)	-	(1,212,223)	932,261
Furniture & Fittings	317,419	62,568	-	-	343,684	-	723,671	(215,554)	-	35,569	(20,065)	-	(200,050)	523,621
Office Equipment	321,164	139,183	(23,937)	-	706,218	-	1,142,628	(230,219)	22,654	(361,810)	(46,142)	-	(615,517)	527,111
Civic land and buildings	1,508	-	-	-	(1,523)	-	(15)	(1,089)	-	1,089	-	-	-	(15)
Bins and Containers	114,385	-	-	-	-	-	114,385	(40,702)	-	11,172	(11,439)	-	(40,969)	73,416
Work in progress	3,676,916	-	-	(3,676,916)	-	-	-	-	-	-	-	-	-	-
Other assets	386,547	329,071	15	-	(274,144)	-	441,489	(222,903)	(13)	128,480	(49,214)	-	(143,650)	297,839
Emergency equipment	2,456,199	798,237	-	-	1,753,672	-	5,008,108	(346,495)	-	(75,248)	(229,303)	-	(651,046)	4,357,062
	12,999,971	1,724,124	(23,922)	(3,676,916)	995,965	-	12,019,222	(3,467,991)	22,641	884,066	(1,047,833)	-	(3,609,117)	8,410,105
Total property plant and equipment														
Land and buildings	855,256	553,114	-	(553,114)	10,553,225	-	11,408,481	(362,101)	-	(118,352)	(19,047)	-	(499,500)	10,908,981
Infrastructure	163,562,788	18,051,745	-	-	(14,666,998)	-	166,947,535	(16,450,336)	-	4,993,502	(1,296,726)	-	(12,753,560)	154,193,975
Community Assets	17,457,679	19,747,182	(1,011,494)	(20,758,918)	9,947,175	-	25,381,624	(3,381,090)	426,927	2,595,146	(497,058)	-	(856,075)	24,525,549
Other assets	12,999,971	1,724,124	(23,922)	(3,676,916)	995,965	-	12,019,222	(3,467,991)	22,641	884,066	(1,047,833)	-	(3,609,117)	8,410,105
	194,875,694	40,076,165	(1,035,416)	(24,988,948)	6,829,367	-	215,756,862	(23,661,518)	449,568	8,354,362	(2,860,664)	-	(17,718,252)	198,038,610
Investment properties														
0	80,165	-	-	-	23,130,335	-	23,210,500	-	-	-	-	-	-	23,210,500
	80,165	-	-	-	23,130,335	-	23,210,500	-	-	-	-	-	-	23,210,500
Total														
Land and buildings	855,256	553,114	-	(553,114)	10,553,225	-	11,408,481	(362,101)	-	(118,352)	(19,047)	-	(499,500)	10,908,981
Infrastructure	163,562,788	18,051,745	-	-	(14,666,998)	-	166,947,535	(16,450,336)	-	4,993,502	(1,296,726)	-	(12,753,560)	154,193,975
Community Assets	17,457,679	19,747,182	(1,011,494)	(20,758,918)	9,947,175	-	25,381,624	(3,381,090)	426,927	2,595,146	(497,058)	-	(856,075)	24,525,549
Other assets	12,999,971	1,724,124	(23,922)	(3,676,916)	995,965	-	12,019,222	(3,467,991)	22,641	884,066	(1,047,833)	-	(3,609,117)	8,410,105
Intangible assets	344	-	-	-	344,315	-	344,659	(271)	-	(263,850)	-	-	(264,121)	80,538
Investment properties	80,165	-	-	-	23,130,335	-	23,210,500	-	-	-	-	-	-	23,210,500
	194,956,203	40,076,165	(1,035,416)	(24,988,948)	30,304,017	-	239,312,021	(23,661,789)	449,568	8,090,512	(2,860,664)	-	(17,982,373)	221,329,648



# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### MANDENI MUNICIPALITY UNAUDITED APPENDIX D JUNE 2012

Segmental Statement of Financial Performance for the year ended

Actual Income Rand	Prior Year	
	Actual Expenditure Rand	Surplus / (Deficit) Rand
2,040,000	12,308,872	(10,268,872)
90,328,178	46,256,163	44,072,015
25,927,396	9,557,297	16,370,099
1,103,542	1,679,843	(576,301)
138,450	5,091,473	(4,953,023)
9,848,036	9,870,708	(22,672)
1,638,686	6,273,754	(4,635,068)
11,601	383,532	(371,931)
4,375,837	7,796,933	(3,421,096)
-	3,246,485	(3,246,485)
11,378,219	9,273,473	2,104,746
<b>146,789,945</b>	<b>111,738,533</b>	<b>35,051,412</b>
146,789,945	111,738,533	35,051,412
<b>146,789,945</b>	<b>111,738,533</b>	<b>35,051,412</b>

#### Municipality

Executive & Council/Mayor and Council  
Finance & Admin/Finance  
Planning and Development/Economic Development/Plan  
Health/Clinics  
Comm. & Social/Libraries and archives  
Housing  
Public Safety/Police  
Sport and Recreation  
Waste Water Management/Sewerage  
Road Transport/Roads  
Electricity /Electricity Distribution

Municipality  
**Total**

Actual Income Rand	Current Year	
	Actual Expenditure Rand	Surplus / (Deficit) Rand
4,039,530	17,570,639	(13,531,109)
81,164,442	39,824,493	41,339,949
33,996,694	10,281,044	23,715,650
1,127,000	2,049,691	(922,691)
643,160	4,549,477	(3,906,317)
-	62,512	(62,512)
82,752	6,435,873	(6,353,121)
9,400	391,813	(382,413)
6,263,671	7,243,451	(979,780)
-	7,949,751	(7,949,751)
13,034,299	10,234,855	2,799,444
<b>140,360,948</b>	<b>106,593,599</b>	<b>33,767,349</b>
140,360,948	106,593,599	33,767,349
<b>140,360,948</b>	<b>106,593,599</b>	<b>33,767,349</b>

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### MANDENI MUNICIPALITY UNAUDITED APPENDIX E(1) JUNE 2012

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2011

	Current year 2011 Act. Bal. Rand	Current year 2011 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Property rates	20,866,449	17,280,000	3,586,449	20.8	
Service charges	15,984,019	16,331,000	(346,981)	(2.1)	
Property rates - penalties imposed and collection charges	352,549	420,000	(67,451)	(16.1)	
Rental of facilities and equipment	203,795	190,000	13,795	7.3	
Fines	90,600	853,000	(762,400)	(89.4)	
Licences and permits	1,566	-	1,566	-	
Government grants & subsidies	97,587,456	65,144,000	32,443,456	49.8	
Other income 1	13,518,254	-	13,518,254	-	
Other income	5,809,982	5,222,000	587,982	11.3	
Interest received investment	2,282,713	2,000,000	282,713	14.1	
	<b>156,697,383</b>	<b>107,440,000</b>	<b>49,257,383</b>	<b>45.8</b>	
Expenses					
Personnel	(30,010,048)	(35,690,000)	5,679,952	(15.9)	
Remuneration of councillors	(7,522,755)	(7,637,000)	114,245	(1.5)	
Retirement benefit contribution	(4,135,148)	-	(4,135,148)	-	
Depreciation	(15,360,051)	(3,307,000)	(12,053,051)	364.5	
Finance costs	(14,263)	-	(14,263)	-	
Debt impairment	(3,080,776)	(4,248,000)	1,167,224	(27.5)	
Collection costs	(141,581)	-	(141,581)	-	
Repairs and maintenance - General	(10,180,741)	(8,589,000)	(1,591,741)	18.5	
Bulk purchases	(7,269,436)	(7,586,000)	316,564	(4.2)	
Contracted Services	(9,431,845)	(10,278,000)	846,155	(8.2)	
Grants and subsidies paid	(5,788,967)	(7,944,000)	2,155,033	(27.1)	
General Expenses	(16,409,766)	(18,213,000)	1,803,234	(9.9)	
	<b>(109,345,377)</b>	<b>(103,492,000)</b>	<b>(5,853,377)</b>	<b>5.7</b>	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities	(60,367)	-	(60,367)	-	
Impairment (loss)/Reversal of impairment loss	-	-	-	-	
Gain or loss on disposal of non-current assets held for sale or disposal groups	624	-	624	-	
Net surplus/ (deficit) for the year	(59,743)	-	(59,743)	-	
	<b>47,292,263</b>	<b>3,948,000</b>	<b>43,344,263</b>	<b>1,097.9</b>	

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### MANDENI MUNICIPALITY UNAUDITED APPENDIX E(2) JUNE 2012

Budget Analysis of Capital Expenditure as at 30 June 2011

#### Municipality

Planning and Development/Economic Development/Plan  
Road Transport/Roads  
Other/Air Transport

#### Municipal Owned Entities

#### Other charges

Additions	Revised Budget	Variance	Variance	Explanation of significant
Rand	Rand	Rand	%	variances from budget
11,477,555	27,000,000	15,522,445	57	
29,224,018	21,152,000	(8,072,018)	(38)	
714,027	7,558,505	6,844,478	91	
<b>41,415,600</b>	<b>55,710,505</b>	<b>14,294,905</b>	<b>26</b>	
<b>41</b>	<b>-</b>	<b>(41)</b>	<b>-</b>	

# ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2012

### MANDENI MUNICIPALITY UNAUDITED APPENDIX F

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Dec	Mar	Jun	Sep	Dec	Dec	Mar	Jun	Sep	Dec	Jun	Sep	Dec	Mar	Jun			
FMG	National Treasury	1,450,000	-	-	-	-	362,500	362,500	365,200	362,500	-	-	-	-	-	-		Yes	
Local Govt, Support	Provincial	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	
MAP	Provincial	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	
Library Grant	DPT Art & culture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
NDGP	National Treasury	12,000,000	-	15,000,000	-	-	5,262,660	55,982,637	3,363,728	1,564,101	-	-	-	-	-	-		Yes	
MSIG	Nationa Treasry	790,000	-	-	-	-	408,311	33,692	124,620	166,676	-	-	-	-	-	-		Yes	
Corridor Beach Facility	Ilembe Distr.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	
Corridor Sgared service	Ilembe Distr.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	
Housing	Provincial	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	
MIG	National Treasury	7,831,000	8,098,000	-	5,223,000	-	1,493,428	4,840,804	4,017,599	7,191,856	-	-	-	-	-	-		Yes	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		<b>22,071,000</b>	<b>8,098,000</b>	<b>15,000,000</b>	<b>5,223,000</b>	<b>-</b>	<b>7,526,899</b>	<b>61,219,633</b>	<b>7,871,147</b>	<b>9,285,133</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

# AUDITOR GENERAL ACTION PLAN

## FORWARD BY THE CFO

Mandeni Municipality is constantly striving to improve on the overall audit opinion issued by Auditor General. In achieving this we as Senior Managers have developed an action plan to address all weaknesses facing the municipality. Comparing the prior year to the to the current year's management report vast improvement have been identified. This can be attributable to system and structures in place that have allowed achieving the target and deadlines with the previous action plan.

We are confident that the current year's action plans will resolve few Audit issues that have fettered down from management report to Audit report. Namely: Irregular expenditure, material restatement and performance management.

With the aid of this tool we are hoping to achieve minimum or no findings for next year.

RN HLONGWA  
CHIEF FINANCIAL OFFICER

## INTRODUCTION

The recently released audit by the Auditor General has raised quite a number of issues that need to be attended as a matter of urgency. This action plan is intended to ensure that we move towards achieving a clean audit status earlier than expected and avoid any repeat findings.

Key to the action plan will be to strengthen the capacity of our Budget and Treasury Office by ensuring that all vacancies are filled with people that are qualified and experienced in the area of accounting, SCM, contract management and many other skills that are required. Already council has renewed the contract of CFO for another five (5) years. This will assist in bringing stability and continuity in the department. We are also utilising FMG to recruit more qualified interns who will add more capacity in the department. We will ensure that we use our policies to retain them within the systems once their contracts end.

We are establishing an internal audit unit and by end February 2013, the Chief Audit Executive would have been appointed and this will go a long way towards ensuring that we are able to pick-up things quite early and address them.

The council has appointed new audit committee that has assumed office and we hope that this will also ensure that we strengthen our internal controls but also ensure that council has its pulse on everything that is happening in the institution and give necessary direction on time and take action where necessary.

MPAC will be fully functional this and this will be another way of ensuring that we increase council oversight and strengthen accountability and transparency on the side of management.

We are also building strong partnership with KZN CoGTA and Treasury in terms of areas where we do not have the resources and already KZN Treasury is on site to assist us in a number of areas. This is a concrete commitment from management to all relevant stakeholders.



Mr. LH Mapholoba  
Accounting Officer

# AUDITOR GENERAL ACTION PLAN

## 1. FIXED ASSET REGISTER DOES NOT AGREE TO THE AMOUNT IN THE FINANCIAL STATEMENTS

### FINDING

S63 (2) (c) of the MFMA requires the municipality To maintain a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed When reconciling amounts per the fixed asset register to the financial statements, it was noted that the amounts did not agree

### AUDITOR GENERAL'S RECOMMENDATION

Management should perform the reconciliation of the two documents and ensure that only accurate figures are processed in the financial statements. Management should in future ensure that a reconciliation of the asset register and the general ledger is performed on regular basis and discrepancies appropriately followed up and resolved.

### ACTION PLAN BY MANAGEMENT

The source document utilized to support the Trial Balance and the Accounting system are utilized in updating the fixed asset register. This is to prevent misallocations as the updated votes in the TB will guide the allocations in the fixed asset register

Furthermore a duplicate set of asset invoices will be made to support the costing per project. This will ensure that cost price and additions can be traced to specific invoices located within a specific project file and hence removing double counting or misallocations. This plan is to be undertaken in the 2014/2015 year due to limited human capital and space constraints

### RESPONSIBLE PERSON

CFO

### DATE OF ACHIEVEMENT

Action plan 1 will be achieved from February 2013 while Action plan 2 is set to be achieved after June 2013

## 2. PROVISION FOR DOUBTFUL DEBTS ADJUSTMENT INCORRECTLY

### FINDING

Testing on the provision for doubtful debts, it was noted that a decrease in the provision was required during the current year. Upon inspection of the journal entry processed, it was found that this journal has been incorrectly accounted for. The journal has been incorrectly cr\*edited against the accumulated surplus account as detailed below:

Dr Provision for bad Debt	13 518 254	
Cr Accumulated Surplus		13 518 254

However this journal is incorrect. The credit entry of the journal should have been allocated to the income statement instead of the accumulated surplus account.

The journal which should have been processed is:

Dr Provision for bad debts (9245)	13 518 254	
Cr Debt Impairment		3 080 776
Cr Debt Impairment Reversal		10 437 478

Expenditure is overstated and income understated in the financial statements.

### AUDITOR GENERAL'S RECOMMENDATION

Management should amend the financial statements accordingly. The CFO should ensure that journals processed in the financial statements are adequately reviewed to ensure accuracy and compliance with the accounting standards.

### ACTION PLAN BY MANAGEMENT

Journals processed in the future will be reviewed by the CFO prior to the journal being processed. Furthermore senior finance staff (namely the CFO) will undergo IMFO training regarding compliance with the accounting standards

### RESPONSIBLE PERSON

CFO

### DATE OF ACHIEVEMENT

01 April 2013



# AUDITOR GENERAL ACTION PLAN

## 3. ACCOUNTS PAYABLE BALANCES ARE NOT CLEARED ON A TIMELY BASIS

### FINDING

Liabilities are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential - per GRAP 19

A liability is classified as a current liability, when the entity will be paying the liability within 12 months after the financial year. During the testing performed on Current Liabilities, it was noted that the following balances have been carried forward from the previous financial year.

They should be written off as at 30/06/2012, as it is considered unlikely that the amounts will be claimed from the Municipality.

### AUDITOR GENERAL'S RECOMMENDATION

Management should review accounts payable balances monthly and at year end, to ensure that it is a true and fair reflection of the Municipality's obligation.

### ACTION PLAN BY MANAGEMENT

The finance department will review the Trial Balance amounts at year end. This is to identify the existence and completeness of these amounts. The review is going to be performed by Manager Treasury (a new post as per the approved organogram) and authorized for write off by the CFO. This will now form part of the standard year end procedures

**RESPONSIBLE PERSON**  
CFO

**DATE OF ACHIEVEMENT**  
30 June 2013

## 4. PACM: AWARDS TO PERSONS IN THE SERVICE OF THE STATE

### FINDING

During the audit of SCM it was noted that suppliers who were employees in service of the state supplied the municipality with goods/services during the financial year under review. Furthermore, the suppliers did not declare their interest on the MBD forms as required.

### AUDITOR GENERAL'S RECOMMENDATION

Management should ensure procurement of goods and services are made in accordance with Supply Chain Management regulations/policies i.e. tender processes are adhered to and that proper authorization procedures are followed.

Management should further ensure that all suppliers complete and submit the interest declaration form as part of the procurement process.

### ACTION PLAN BY MANAGEMENT

The SCM department will ensure that declarations are completed by all suppliers prior to them being appointed. The SCM department will also cross reference all suppliers on the database to the list of prohibited suppliers on the National Treasury website

Lastly all suppliers identified by the Auditor General as being in the service of the state will be removed from the database and not be used again

**RESPONSIBLE PERSON**  
CFO

**DATE OF ACHIEVEMENT**  
Immediately

## 5. SCM PROCESS NOT FOLLOWED

### FINDING

The following goods or services of a transaction value of R10 000 to R200 000 were procured without inviting at least three written price quotations from the accredited prospective providers or providers that meet the listing criteria.

During the audit of Repairs and Maintenance the following expenditure did not comply with the SCM regulations:

Date	Description	Amount	Reason
31/08/2011	Hire of tractor for grass cutting	R 10 000	Only 1 quote received
09/03/2012	Repair NZ3022	R 24 700	Only 1 quote received
23/12/2011	Hire tip trucks x4 for ten	R 160 000	Only 1 quote received

As a result, the above payments must be regarded as irregular expenditure and disclosed in the AFS accordingly.

# AUDITOR GENERAL ACTION PLAN

## AUDITOR GENERAL'S RECOMMENDATION

The CFO must:

- ⚙ perform regular reviews and monitoring of SCM processes to ensure that it is compliant with applicable SCM laws and regulations.
- ⚙ review all payments to identify similar instances which must be quantified and disclosed, together with the above amounts, as irregular expenditure in the note to the financial statements

## ACTION PLAN BY MANAGEMENT

The SCM department sometimes faces issues where items are required on an urgent basis to ensure service delivery is achieved. During this time the SCM department will seek to comply with SCM regulations by creating an SCM deviation form and acquiring the Accounting Officer's approval prior to deviating from the SCM process.

## RESPONSIBLE PERSON

CFO

## DATE OF ACHIEVEMENT

Immediate

## 6. INDICATORS NOT WELL DEFINED

### FINDING

In terms of paragraph 3.2 (b) of the National Treasury Framework for Managing Program Performance Information, a municipality should set indicators that are well defined: the indicator needs to have a clear, unambiguous definition so that data will be collected consistently, and be easy to understand and use

## AUDITOR GENERAL'S RECOMMENDATION

The municipal council must review the annual organisational scorecard to meet with the criteria, as specified in the framework for managing performance information, and ensure that all indicators are specific and well defined.

## ACTION PLAN BY MANAGEMENT

The following are measures that the Performance Management Unit are recommending in order to deal with the findings received for 1st Quarter 2012/13 performance reviews to ensure that the municipality adheres to the SMART principles:

1. This workshop should identify the structure, people, skills and processes, and emphasize performance management and full accountability for performance throughout the organisation, including service points and court. The workshop will be dealing with reviewing the organisational scorecard
2. In addition, this workshop should address persistent audit findings on performance management and IDP alignment with national key performance area and the outcomes-based approach that has been implemented government-wide.
3. Advising or sourcing the relevant electronic system which would enable municipality to automate both Individual and Performance Management into one monitoring and reporting system.

## RESPONSIBLE PERSON

Director Corporate Services

## DATE OF ACHIEVEMENT

February 2013

## 7. MEASURES TAKEN TO IMPROVE PERFORMANCE NOT INCLUDED IN THE ANNUAL PERFORMANCE REPORT

### FINDING

The Municipal Systems Act 32 of 2000 paragraph 46(1)(c) states that ' a municipality must prepare for each financial year a performance report reflecting measures taken to improve performance'

## AUDITOR GENERAL'S RECOMMENDATION

The PMS Manager must review the annual performance report and ensure that measures taken to improve performance are included in all cases where planned targets were not achieved.

## ACTION PLAN BY MANAGEMENT

Firstly the PMS manager has developed a monthly performance reporting template. The PMS manager will also undertake the activity of ensuring monthly reporting on achieved targets is complied per section head and will seek to ensure that compensating measures are in place if a section head is not achieving targets

## RESPONSIBLE PERSON

Director Corporate Services

## DATE OF ACHIEVEMENT

February 2013

# AUDITOR GENERAL ACTION PLAN

## 8. INDICATORS OF IMPAIRMENT - PHYSICAL VERIFICATION OF ASSETS

### FINDING

In terms of GRAP 21, paragraph 18 "An entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable service amount of the asset." During the physical verification of the assets we noted certain assets that had impairment indicators (these are infrastructure assets and major potholes were noted in these roads). On inquiry and discussion with management we noted that the municipality does not consider there to be any indicators of impairment.

Table: Assets noted with impairment indicators

Asset Number	Description	Value per FAR
6095	Sundumbili Roads Phase 5	5,942,325
6094	Sundumbili Roads Phase 4	4,368,646
6098	Thokoza Road	8,253,348
Total		18,564,320

Items of property, plant and equipment may be overstated resulting in the AFS being misstated.

### AUDITOR GENERAL'S RECOMMENDATION

Management should perform an impairment test considering the population of the class of these transactions, identify the

assets to be impaired and amend the financials accordingly. Management should ensure full compliance with GRAP 17 by the municipality.

### ACTION PLAN BY MANAGEMENT

The finance department working together with the technical department as well as staff working in assets will seek to identify specific classes of assets that need to be tested for impairment. This testing will now be done on an annual basis or when there are indicators that a specific asset or classes of assets are impaired

### RESPONSIBLE PERSON

CFO

### DATE OF ACHIEVEMENT

30 June 2013 or as indicators of impairment arise

## 9. NO REGISTERS KEPT FOR DIRECT INCOME SOURCES

### FINDING

During our audit it was found that there were no registers kept for direct income sources such as rentals and deposits received from the hire of halls.

We were informed that the individual responsible for direct income was not informed by his/her superior that a register should be kept and maintained for all direct income received by the municipality.

Revenue from direct income sources could be misstated in the financial statements due to inadequate reconciliation of

the register to the AFS. Furthermore it creates an opportunity for an employee to commit fraud.

### AUDITOR GENERAL'S RECOMMENDATION

A direct income register should be kept and reconciled on a monthly basis to the relevant income vote and a senior official from the revenue section should review these reconciliations timorously.

### ACTION PLAN BY MANAGEMENT

The finance department will develop a direct income register in triplicate for the main sources of direct income namely hall hire. The direct income register will then be reconciled to the income recorded in the Trial balance to ensure that income is complete

### RESPONSIBLE PERSON

CFO

### DATE OF ACHIEVEMENT

February 2013

## 10. DEBTORS WITH CREDIT BALANCES

### FINDING

During the audit of debtors it was noted that the debtor's age analysis and note 4 to the financial statements included credit balances.

Upon inquiry and discussion with management the audit team was informed that the system does not allow proper recording of the debtors' receipts and thus the credit balances in the individual accounts. We have considered management explanations and we are of the view that the municipality is

# AUDITOR GENERAL ACTION PLAN

not adequately and correctly utilizing the system to allocate the payment received to the correct period of the actual debt owed.

## AUDITOR GENERAL'S RECOMMENDATION

Management should ensure proper use of the system to ensure correct financial reporting.

The municipality should train its staff on the system and ensure that the payments from debtors are allocated against specific debts.

## ACTION PLAN BY MANAGEMENT

The CFO has held discussions with the Pastel administrator to reallocate credit balances to the correct time period. The issue is a programming issue where monies paid are allocated to the current period and not the debt to which it relates

## RESPONSIBLE PERSON

CFO

## DATE OF ACHIEVEMENT

February 2013

## 11. NON COMPLIANCE WITH SALGBC AND LEAVE POLICY

### AUDIT FINDING

In terms of section 62 (1) (b) MFMA, "The accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take the full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards".

In addition to the above, with reference to South African local government Bargaining Council an employee is entitled to retain a maximum of forty eight (48) days leave accrued

## AUDITOR GENERAL'S RECOMMENDATION

Management should implement proper controls for leave accrual monitoring and further rectify the situation to ensure compliance with the SALGA policy.

## ACTION PLAN BY MANAGEMENT

Management within the HR department has written letters to all staff whose leave is in excess of 48 days to inform them that should their leave not be taken immediately their leave will be forfeited.

Staff whose services were terminated due to investigations and litigations have been paid out their leave up to 48 days with the excess being forfeited.

This practice will be utilized in the HR department from now on to ensure that no staff accumulated more than 48 days unless approved by the Accounting Officer

## RESPONSIBLE PERSON

Corporate Services Director

## DATE OF ACHIEVEMENT

Achieved

## 12. NO CV AND ADVERT IN EMPLOYEES FILE

### FINDING

In terms of section 62(1)(c) of the MFMA, "The accounting officer of the municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control."

In terms of the approved Corporate Services Recruitment and Selection Policy paragraph 3.2, "all positions should be advertised in the local newspapers giving an allowance of 21 days" paragraph 3.4 further states that "all applicants will be required to provide detailed CVs accompanied by certified copies of qualifications

## AUDITOR GENERAL'S RECOMMENDATION

Management should know their applicable policies and adequately implement them to ensure proper recruitment processes are followed.

# AUDITOR GENERAL ACTION PLAN

## ACTION PLAN BY MANAGEMENT

Management has discussed the matter of maintaining cv's within employment files with all members of the HR unit. This practice has now been adopted and the employment files will be reviewed by the internal audit unit on a sample basis from time to time

## RESPONSIBLE PERSON

Corporate Services Director

## DATE OF ACHIEVEMENT

Achieved

## 13. OVERTIME PAID IS MORE THAN 30% OF BASIC SALARY

### FINDING

Section 10(1)(b) of the Basic Conditions of Employment Act, 1997 (Act No 75 of 1997) states that an employee shall work a maximum of 10 hours of overtime per week

### AUDITOR GENERAL'S RECOMMENDATION

Management should adhere to the Basic Conditions of Employment Act and the approved municipal policies on overtime. Management should further ensure full implementation of the internal controls in place and should monitor these controls regularly.

### ACTION PLAN BY MANAGEMENT

Management has sent an e-mail to all heads of department to ensure that overtime does not exceed the 30 percent or in excess of 3 hours per day or 10 hours per week

Furthermore the Payroll department in conjunction with the HR department will take an item to MANCO on a monthly basis identifying the number of overtime hours worked per person per department in any given month. This will ensure that excessive overtime be explained by the department head

### RESPONSIBLE PERSON

CFO

## DATE OF ACHIEVEMENT

February 2013

## 14. OVERTIME NOT PRE-AUTHORIZED

### FINDING

In terms of paragraph 6.3 of the Mandeni Municipality Overtime Policy, overtime work can be undertaken after it has been authorized by the municipal manager by appending his signature on the prescribed form. Provided that for emergency work, such as electricity outages or disruptions, the head of department make seek authority verbally or use his discretion for such work to be undertaken.

### AUDITOR GENERAL'S RECOMMENDATION

Management should ensure that all overtime worked is pre-authorized. The municipality should strengthen the controls with regards to overtime monitoring to ensure that only pre-authorized and valid overtime is paid to the employees.

Overtime payment should be processed after the review, approval and certification by the respective supervisor.

### ACTION PLAN BY MANAGEMENT

Firstly the Corporate Services Manager will address this matter with senior management in MANCO

Thereafter a plan has been put in place to ensure that no payments of overtime are processed by the payroll department prior to the receipt of a pre authorized overtime form

### RESPONSIBLE PERSON

Corporate services manager

### DATE OF ACHIEVEMENT

March 2013

# AUDITOR GENERAL ACTION PLAN

## 15. PAYMENT AFTER 30 DAYS

### FINDING

In terms section 99(2)(b) of the MFMA, the Accounting Officer must take all reasonable steps to ensure that all money owing by the municipality is paid within 30 days of receiving the relevant invoice or statement unless prescribed otherwise for certain categories of expenditure.

Payment for the following expenses was made 30 days after receiving the invoice:

Table: Payment not made within 30 days

Date	Description	Payment Voucher Number	Number of days over
01/07/2011	Membership Fees	EP0002578	96
16/09/2011	3 Buses for ceremony at Nongoma	EP0002856	31
16/09/2011	Buses to transport people from various wards	EP0002604	31
01/10/2011	Lab test for Mandeni and Tugela Clinic	EP0002865	66
27/07/2011	Short term insurance renewal	EP0002572	32
29/02/2012	Advertising Statutory	EP0003418	49
01/01/2012	Mandeni revaluation maintenance contract	EP0003213	31

The municipality could incur fruitless and wasteful expenditure and which will also result in non-compliance with the MFMA .

### AUDITOR GENERAL'S RECOMMENDATION

Invoices should be stamped and dated on receipt and also when payment is done to ensure that all invoices are paid within the 30 day period.

### ACTION PLAN BY MANAGEMENT

A stamp has been acquired by the municipality to ensure that all invoices are stamped when received. Furthermore the creditor age analysis is now reviewed monthly to ensure that creditors with overdue accounts are rectified immediately.

### RESPONSIBLE PERSON

CFO

### DATE OF ACHIEVEMENT

Immediate

## 16. CLAIMED VAT ON PAYMENT TO NON-VENDORS

### FINDING

During the audit of expenditure we noted that the municipality claimed input VAT on transactions with non-VAT vendors. We further inspected the VAT control account and confirmed that the VAT was incorrectly claimed.

The municipality is incorrectly claiming input tax which could result in interest and penalties imposed by SARS, thus incurring fruitless and wasteful expenditure.

Management informed the audit team that the system was setup to automatically calculate the VAT for expenses paid even if the payment is to a non-vendor. However we are of the view that the system is not correctly and adequately being utilized by the municipality.

### AUDITOR GENERAL'S RECOMMENDATION

The CFO should ensure that the VAT reconciliations are adequately reviewed and are in line with the VAT Act. Ongoing training should be provided to staff for adequate use of the system.

### ACTION PLAN BY MANAGEMENT

Firstly the municipality is performing a December year end reconciliation whereby an independent VAT consultant will provide feedback on recurring errors and ensure that non vendors are identified and not paid

Secondly the municipality is in the final stages on forming the in house internal audit department. This department will ensure that prior to the finalization of payments all documents and amounts are reviewed to ensure compliance and arithmetical accuracy

# AUDITOR GENERAL ACTION PLAN

## RESPONSIBLE PERSON

CFO

## DATE OF ACHIEVEMENT

March 2013

### 17. PACM: BID ADJUDICATION DOES NOT CONSIST OF AT LEAST 4 MEMBERS

#### FINDING

Supply Chain Management regulation 29(2) states that "The Bid adjudication committee must consist of at least four senior managers of the municipality which must include:

- (a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
- (b) at least one senior supply chain management practitioner who is an official of the municipality; and
- (c) a technical expert in the relevant field who is an official, if such an expert exists.

During the testing of SCM processes it was noted that the following contracts awarded, the bid adjudication committee only consisted of 3 members.

#### AUDITOR GENERAL'S RECOMMENDATION

The accounting officer and the CFO should ensure that the SCM process is appropriately followed by all the municipal members involved in the SCM. Furthermore management should make it their duty to familiarise themselves with the Supply Chain Management Policies and Regulations to ensure that full compliance is achieved

#### ACTION PLAN BY MANAGEMENT

The municipality previously was understaffed and only had 3 directors in employment and there was no Municipal Manager in employment. This matter has been addressed as the EDP director was employed in October of 2012 and was appointed to the bid adjudication committee.

#### RESPONSIBLE PERSON

Municipal Manager

## DATE OF ACHIEVEMENT

Already achieved

### 18. PACM: INVITATION FOR QUOTATION NOT ADVERTISED

#### FINDING

SCM regulation 18 determines the procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, and it stipulates:-

- a) that all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must be advertised for at least seven days on the website and an official notice board of the municipality or municipal entity;

#### AUDITOR GENERAL'S RECOMMENDATION

Management must ensure that the SCM process is appropriately followed by the municipality and fully implemented to avoid incurring unnecessary irregular expenditure. The identified items should be disclosed as irregular expenditure in the annual financial statements.

#### ACTION PLAN BY MANAGEMENT

Firstly the municipality is the process of restructuring the SCM department to ensure that there is an SCM manager dedicated to ensure that compliance of SCM regulations occur

Secondly the municipality is in the final stages on forming the in house internal audit department. This department will ensure, that on a sample basis, that prior to the finalization of bids and tenders all compliance matters have been achieved

#### RESPONSIBLE PERSON

CFO

## DATE OF ACHIEVEMENT

March 2013



# AUDITOR GENERAL ACTION PLAN

## 19. PACM: NO TAX CLEARANCE DECLARATION

### FINDING

In terms of the SCM Regulation 13(b) states that “A written quotation or bid may not be considered unless the provider who submitted the quotation or bid - has authorized the municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order”

### AUDITOR GENERAL'S RECOMMENDATION

Management should ensure full compliance with the SCM regulation by the municipality. Furthermore management should review the entire population and ensure that where non-compliance with the SCM occurs it's appropriately disclosed as irregular expenditure in the annual financial statements.

### ACTION PLAN BY MANAGEMENT

Firstly the municipality is the process of restructuring the SCM department to ensure that there is an SCM manager dedicated to ensure that compliance of SCM regulations occur Secondly the municipality is in the final stages on forming the in house internal audit department. This department will ensure, that on a sample basis, that prior to the finalization of bids and tenders all compliance matters have been achieved

### RESPONSIBLE PERSON

CFO

### DATE OF ACHIEVEMENT

March 2013

## 20. PACM: BID RESULTS NOT PUBLISHED ON MANDENI WEBSITE

### FINDING

In the terms of the SCM regulation 23(c)(ii), procedure for handling, opening and recording of bids “ require the accounting officer to publish the entries in the register and the bid results on the website of the municipality or municipal entity”.

### AUDITOR GENERAL'S RECOMMENDATION

The accounting officer should ensure that a register of all bids awarded and entries on the bid register for bids received on time is published on the municipality's website. This will be reported on as a non compliance with the SCM Regulations.

### ACTION PLAN BY MANAGEMENT

Firstly the municipality is the process of restructuring the SCM department to ensure that there is an SCM manager dedicated to ensure that compliance of SCM regulations occur

Secondly the municipality is in the final stages on forming the in house internal audit department. This department will ensure, that on a sample basis, that prior to the finalization of bids and tenders all compliance matters have been achieved

### RESPONSIBLE PERSON

CFO

### DATE OF ACHIEVEMENT

March 2013

## 21. INDICATOR NOT VERIFIABLE

### FINDING

In terms of paragraph 3.2 (c) of the National Treasury Framework for Managing Program Performance Information, a municipality should set indicators that are verifiable: it must be possible to validate the processes and systems that produce the indicator

### AUDITOR GENERAL'S RECOMMENDATION

The municipal council must review the annual organisational scorecard to meet with the criteria, as specified in the framework for managing performance information, and ensure that all indicators are verifiable

### ACTION PLAN BY MANAGEMENT

The following are measures that the Performance Management Unit are recommending in order to deal with the findings received for 1st Quarter 2012/13 performance reviews to ensure that the municipality adheres to the SMART principles:

1. This workshop should identify the structure, people, skills and processes, and emphasize performance management and full accountability for performance throughout the organisation, including service points and court.  
The workshop will be dealing with reviewing the organisational scorecard
2. In addition, this workshop should address persistent audit findings on performance management and IDP alignment with national key performance area and the outcomes-based approach that has been implemented government-wide.



# AUDITOR GENERAL ACTION PLAN

3. Advising or sourcing the relevant electronic system which would enable municipality to automate both Individual and Performance Management into one monitoring and reporting system.

## RESPONSIBLE PERSON

Corporate Services Director

## DATE OF ACHIEVEMENT

February 2013

## 22. TARGETS NOT SPECIFIC

### FINDING

In terms of paragraph 3.3 of the National Treasury Framework for Managing Program Performance Information, a municipality should set suitable performance targets as part of its performance management system.

### AUDITOR GENERAL'S RECOMMENDATION

The municipal council must review the annual organisational scorecard to meet with the criteria, as specified in the framework for managing performance information, and ensure that all targets are specific, measurable and time-bound.

### ACTION PLAN BY MANAGEMENT

Firstly the PMS manager has developed a monthly performance reporting template. The PMS manager will also undertake the activity of ensuring monthly reporting on achieved targets is complied per section head and will seek to ensure that compensating measures are in place if a section head is not achieving targets

The PMS manager is going to review each target set forth in the organizational and departmental scorecard. She will then discuss each target in terms of quantity and the relation to the specific indicator with each department head. Therefore ensuring adherence to the SMART principles

## RESPONSIBLE PERSON

Corporate Services Director

## DATE OF ACHIEVEMENT

February 2013

## 23. TARGETS NOT MEASURABLE

### AUDITOR GENERAL'S RECOMMENDATION

The municipal council must review the annual organisational scorecard to meet with the criteria, as specified in the framework for managing performance information, and ensure that all targets are specific, measurable and time-bound.

### ACTION PLAN BY MANAGEMENT

Firstly the PMS manager has developed a monthly performance reporting template. The PMS manager will also undertake the activity of ensuring monthly reporting on achieved targets is complied per section head and will seek to ensure that compensating measures are in place if a section head is not achieving targets

The PMS manager is going to review each target set forth in the organizational and departmental scorecard. She will then discuss each target in terms of quantity and the relation to the specific indicator with each department head. Therefore ensuring adherence to the SMART principles

## RESPONSIBLE PERSON

Corporate Services Director

## DATE OF ACHIEVEMENT

February 2013

## 24. NO EVIDENCE PROVIDED FOR REPORTED PERFORMANCE

### FINDINGS

The Municipal Systems Act 32 of 2000 paragraph 45 (b) states that " Audit of performance measurements. - The results of performance measurements in terms of section 41 (1) (c) must be audited annually by the Auditor General"

### AUDITOR GENERAL'S RECOMMENDATION

Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting furthermore management should ensure that no key positions are vacant for a significant period of time.

### ACTION PLAN BY MANAGEMENT

In order to ensure more timeous submission of information to the relevant stakeholders the PMS unit will utilise interns and seek additional staffing. Furthermore the PMS unit will work within more specific deadlines and as such achieve the targets set forth

## RESPONSIBLE PERSON

Corporate Services Director

## DATE OF ACHIEVEMENT

February 2013

# AUDITOR GENERAL ACTION PLAN

## 25. UNDERSTANDING OF PMS AND PROCESSES CANNOT BE VERIFIED FOR THE EDP DEPARTMENT

### FINDING

During the audit of performance information it was noted that the systems and processes relating to performance information could not be verified due the factors listed below:

- ⚙ A description of the source documentation or information that is used as a basis for actual performance achievements could not be obtained.
  - ⚙ A description of where this source documentation or information originates from could not be obtained.
  - ⚙ Standard operating procedures for targets and indicators set by the municipality and used by the relevant staff could not be obtained.
  - ⚙ Description of reporting activities could not be obtained.
- The municipality did not employ an Economic Development and Planning director for the 2011/12 year of assessment therefore the systems and processes relating to performance information could not be verified.

There is a risk that weaknesses in the municipality's systems and processes with regards to performance information will not be identified timeously.

### AUDITOR GENERAL'S RECOMMENDATION

Management should ensure that no key positions are vacant for a significant period of time to ensure that systems and processes relating to performance information are easily identified and verifiable.

### ACTION PLAN BY MANAGEMENT

This has been achieved as a suitably qualified and knowledgeable EDP director has now been appointed

### RESPONSIBLE PERSON

Corporate Services Director

### DATE OF ACHIEVEMENT

Achieved

## 26. VALUATION ROLL IS INCOMPLETE

### AUDIT FINDING

Section 79 of the Property Rates Act states: "Amendment of valuation rolls.-A municipality must regularly cause its valuation roll to be amended to reflect any changes to the particulars on the roll."

Obtained a list of transfers from the deeds website and traced to the valuation roll. It was found that the valuation roll (old and new) was not updated with the details of the new owners

### AUDITOR GENERAL'S RECOMMENDATION

Management should properly reconcile the list of transfers from the Deeds office to the valuation roll.

### ACTION PLAN BY MANAGEMENT

Management will create a reconciling worksheet to ensure that the information as per the valuation roll and per the deed search agree. This will be reviewed by the CFO on a monthly basis

### RESPONSIBLE PERSON

Assistant Manager Income

### DATE OF ACHIEVEMENT

March 2013

## 27. AFS HIGH LEVEL REVIEW

### FINDING

In terms of the Municipal Finance Management Act 56 of 2003, section 122(1) (a) "Every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affair of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results and its financial position as at the end of the financial year"

We performed a high level review on the submitted financial statements and the following was noted:

1. The accounting policies were incomplete
2. The notes to the financial statements are not appropriately presented and are not complete.
3. The disclosures are not complete including the MFMA additional disclosure requirements.
4. The notes to the annual financial statements are not complete.

Management could not provide reasonable explanations for the misstatements in the financial statements and this has resulted in the financial statements submitted for audit materially misstated, non-compliance with the GRAP standards of reporting and the non-compliance with the MFMA requirements.

### AUDITOR GENERAL'S RECOMMENDATION

The audit team recommends that management must correct the AFS during the period that will be allowed for amendments by the audit team. We further recommend that the municipality

# AUDITOR GENERAL ACTION PLAN

in future (management and the audit committee) must review the AFS prior to submission for audit.

## ACTION PLAN BY MANAGEMENT

1. The CFO and other staff responsible with the preparation of the AFS will undergo GRAP training in the current year to ensure that they are kept abreast of changes and reporting and presentation requirements
2. The CFO will ensure that the GRAP checklist is utilized to review the presentation of the AFS prior to its submission to internal audit and audit committee
3. The municipality will also utilize the services of the internal auditors to ensure that they perform a complete review of the AFS prior to Auditor General submission in August 2013

## RESPONSIBLE PERSON

CFO

## DATE OF ACHIEVEMENT

July 2013

## 28. MIDYEAR BUDGET AND PERFORMANCE ASSESSMENT NOT IN CORRECT FORMAT

### FINDING

Section 33 of the municipal budget and Reporting Regulations states that a Mid Year Budget and Performance Assessment of the municipality referred to in Section 72 of the MFMA, must be in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking

into account any guidelines issued by the minister in terms of Section 168(1) of the Act.

During the audit of performance information it was found that the municipality did not submit their Mid Year Budget and Performance Assessment for the 2011/12 financial year in the correct schedule C format.

Management mistakenly used the incorrect format when submitting the Mid Year Budget and Performance Assessment to the provincial treasury.

## AUDITOR GENERAL'S RECOMMENDATION

Management should ensure that the Mid Year Budget and Performance Assessment are in the required format and reviewed by an oversight body before submission to provincial treasury.

## ACTION PLAN BY MANAGEMENT

The CFO has undergone budget training with regards to the new budget templates

Furthermore the municipality is seeking to employ a budget manager who will assist in the submission and therefore will ensure added review of the budget documents

## RESPONSIBLE PERSON

CFO

## DATE OF ACHIEVEMENT

March 2013

## 29. ADJUSTMENT BUDGET NOT IN THE CORRECT FORMAT

### FINDING

Section 21 of the Municipal Budget and Reporting Regulations specifies an adjustment budget and supporting documentation of the municipality must be in the format specified in Schedule B and include all the required tables, charts and explanatory information taking into account any guidelines issued by the Minister in terms of section 168 (1) of the Act.

Whilst performing testing on compliance it was noted that although the municipality has submitted their adjustment budget within the allocated days, the adjustment budget submitted was not in the correct format in terms of Section 21 of the Municipal Budget and Reporting Regulations.

Management has not complied with the requirements of Schedule B relating to the adjustment budget.

This has resulted in non compliance with the Municipal Budget and Reporting Regulations Act

## AUDITOR GENERAL'S RECOMMENDATION

It is recommended that management revisit the requirements of Section 21 of the Municipal Budget and Reporting Regulations Act, in particular, Schedule B.

## ACTION PLAN BY MANAGEMENT

The CFO has undergone budget training with regards to the new budget templates

Furthermore the municipality is seeking to employ a budget manager who will assist in the submission and therefore will ensure added review of the budget documents

## RESPONSIBLE PERSON

CFO and budget manager

# AUDITOR GENERAL ACTION PLAN

## DATE OF ACHIEVEMENT

25 January 2013

## 30. NO FORMALLY DOCUMENTED AND APPROVED PROCESSES TO MANAGE USER ACCESS TO ALL FINANCIAL SYSTEMS

### AUDITOR GENERAL'S RECOMMENDATION

IT management should ensure that appropriately skilled IT staff is employed and where necessary, appropriate training be sought to up skill existing staff with assistance from "parent department".

### ACTION PLAN BY MANAGEMENT

During the review of the municipal organogram in October 2012 a position was created for an IT Specialist and it is, amongst others, to be filled in this financial year as a matter of urgency

### RESPONSIBLE PERSON

Corporate Services Director

## DATE OF ACHIEVEMENT

June 2013

### CONCLUSION:

The Action Plan is viewed, in the eyes of the Municipality, a key strategic document in the achievement of clean audit 2014. The plans set per finding were incorporated taking into consideration the control environment that the Municipality operates within, the legislative limitations and guidelines imposed by the necessary statutes as well as the current existing internal controls and processes.

The Action plan will pave the path to reducing the overall risk level within the municipality especially due to its overall alignment to the Auditor General's Management report, Audit report and the quarterly Dashboard report

# REPORT OF THE CHAIRPERSON OF THE AUDIT COMMITTEE

## AUDIT AND PERFORMANCE COMMITTEE REPORT FOR MANDENI MUNICIPALITY FOR THE PERIOD 01 JULY 2011 TO 30 JUNE 2012

We are pleased to present our report as follows:

### AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consists of the members listed hereunder and meets, as a minimum, four times per annum as per its approved terms of reference. None of the members of the audit committee are Councillors or in the employ of Mandeni Municipality.

Name of Member	Number of Meetings Attended
Mr. J. R. Hunt (Chairperson)	7
Mr. B.M. Radebe	6
Mr. M. Press	6
Mrs N Mahomed (resigned August 2011)	1
Mr. Z.Zulu	7
Mr. P.J.Mahlaba (appointed June, 2012)	1

### AUDIT COMMITTEE'S RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from section 166 of the Municipal Finance Management Act (MFMA) and section 14(2)(a) of Municipal Planning and Performance Management Regulations 2001. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

In 2009 the Audit Charter has been expanded to include performance management.

A summary of the Audit Committee's responsibilities in terms of the MFMA and its Charter is that it is responsible for, among other items, the following:

### AUDITORS AND EXTERNAL AUDIT:

Discuss and review with External Auditors, inter alia:

- ✿ The nature and scope of the audit function;
- ✿ The timing and nature of reports from the external auditors;
- ✿ Any problems identified in the going concern of the municipality;
- ✿ The Auditor General's management letter and management response; and
- ✿ Meeting the Auditor General at least annually to ensure that there are no unresolved issues of concern.

### ANNUAL FINANCIAL STATEMENTS:

- ✿ Review significantly adjustments resulting from the audit;
- ✿ Review effectiveness of the Internal Audit;
- ✿ Review risk areas of the operations to be covered in the scope of the Internal and External Auditors; and
- ✿ Review the adequacy, reliability and accuracy of the financial information provided to management and other users of such information.

### PERFORMANCE MANAGEMENT:

- ✿ Review the quarterly reports submitted by Internal Audit on the Performance Management System (PMS);
- ✿ Review the PMS, ensuring its functionality and compliance with relevant legislation;
- ✿ Focus on economy, effectiveness, efficiency, reliability and impact applicable to the municipality's own Key Performance Indicators; and
- ✿ Report on the outcomes of its review and focus areas to the Council at least twice per annum.

### INTERNAL CONTROL AND INTERNAL AUDIT:

The monitoring and supervising of the effective function of the Internal Audit including:

- ✿ Evaluating performance, independence and effectiveness of Internal Audit and external service providers through Internal Audit;
- ✿ Review the effectiveness of the internal controls and to consider the most appropriate system for the effective operation of its business; and
- ✿ Initiating investigations within its scope e.g. employee fraud, misconduct or conflict of interest.

### ETHICS:

Reviewing the effectiveness of mechanisms for the identification and reporting of:

- ✿ Any material violations of ethical conduct of Councillors and municipal staff;
- ✿ Compliance with laws and regulations; and
- ✿ Environmental and social issues.

### COMPLIANCE:

- ✿ Carrying out investigations into financial matters as Council may request;
- ✿ Reviewing the effectiveness of mechanisms for the identification and reporting of:
- ✿ Compliance with laws and regulations; and
- ✿ The findings of regulatory bodies or audit observations.

The Audit Committee is satisfied that it has complied with its responsibilities and has discharged them properly and efficiently.

### THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal controls is designed to provide cost-effective assurance that assets are safeguarded and the liabilities and working capital are efficiently managed. The system of internal control is effective as per the reports of the Internal Auditors. The Audit Report on the Annual Financial Statements; the matters of emphasis and

# REPORT OF THE CHAIRPERSON OF THE AUDIT COMMITTEE

## AUDIT AND PERFORMANCE COMMITTEE REPORT FOR MANDENI MUNICIPALITY

FOR THE PERIOD 01 JULY 2011 TO 30 JUNE 2012

management letter of the Auditor General have not reported any significant or material non-compliance with prescribed policies and procedures.

The quality of in year management and monthly reports submitted in terms of the Act and the Division of Revenue Act. The Audit Committee is satisfied with the content and quality of monthly reports prepared and issued by the Accounting Officer during the year under review.

### INTERNAL AUDIT

The Audit Committee is satisfied with the reports presented by Internal Audit who, during the reporting period, have undertaken 4 visits per year to ensure that regular reports are presented spanning the entire financial year in accordance with their approved risk based Annual Audit Plan.

The Internal Auditors brief has been expanded to reflect the added responsibility for reviewing and reporting on Performance Management and its risk based Annual Audit Plan updated accordingly.

The Audit Committee is satisfied with the effectiveness of the services provided by Internal Audit and reports that all projects in terms of the approved risk based Annual Audit Plan has been duly finalised for the year under review.

The Internal Auditors attended all the meeting of the Audit Committee.

### EVALUATION OF FINANCIAL STATEMENTS

The audit committee has:

- Reviewed and discussed with the Auditor General and the Accounting Officer the audited annual financial statements to be included in the Annual Report;
- Reviewed the Auditor General's management letter and management response;

- Reviewed the accounting policies and practices;
- Reviewed the risk assessment report from Internal Audit;
- Reviewed the risk based Annual Audit Plan from Internal Audit;
- Reviewed significant adjustments resulting from the audit;
- Reviewed the monthly financial reports of income and expenditure together with budget comparisons;
- Evaluated the audited Annual Financial Statements to be included in the Annual Report and, based on the information provided to the Audit Committee, considered that the said statements comply in all material respects with the requirements of the MFMA and treasury regulations, as well as the statements of Generally Recognised Accounting Principles (GRAP).

Auditor General's Opinion for the year ending 30th June 2011. The Audit Committee concurs and accepts the conclusions of the Auditor-General on the 2012 annual financial statements.

The Audit Committee is pleased that the Auditor General's opinion was presented, once again, without qualification this year.

The issues and comments contained within the report have been noted and have been given the audit committee's attention during the year. Once again, the Auditor General's report highlighted the unacceptable level of debtors and the need to strengthen collection methods, the number of vacant posts together with comments on administration and compliance issues which required attention.

We have found that the Auditor General's recently introduced "Dashboard Report" system is helpful as it concentrates attention on key issues. The audit committee regularly reviews progress being made on these reports with the objective of achieving a "clean audit" report in mind.

### THE YEAR TO JUNE 30TH 2012

#### (A) DEBTORS

The level of debtors, in particular overdue accounts for property rates and service charges, continued to be given the audit committee's highest priority during this review period. At each meeting the audit committee carefully reviewed the financial reports to ascertain the success of the debt collection operations, cash flow projections and the Revenue Enhancement Strategy.

At the start of the year (1st July 2011) debtors were R62.974 million and by year end were R52.193 million. Whilst this is a pleasing reduction of R10.781 million it was mainly the result of government finally paying its overdue accounts.

With government debt now under 2% of the total; 98% of the debtors are domestic debtors and the vast majority are over one year in arrears. While business and household property rates remains the largest element at R29.1 million refuse debtors now stands at R18.5 million.

Once again the audit committee expresses its concern over the debt collection arrangements.

While the Revenue Enhancement Strategy (which includes debtor controls) remains in place, the audit committee feels that it will need re-enforcement in the year ahead to mitigate the risk of a failure to collect the 54% increase in property rates budgeted for collection in 2012/13 (increasing from R17.7 million to R27.0 million an increase of R10.7 million) in consequence of new property valuations in addition to ensuring that the large increase in "other revenue" of just under R10 million is achieved.



# REPORT OF THE CHAIRPERSON OF THE AUDIT COMMITTEE

## AUDIT AND PERFORMANCE COMMITTEE REPORT FOR MANDENI MUNICIPALITY

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These challenges taking place in the difficult economic situation being faced by residents and businesses in the area and the lack of new employment opportunities.

### (B) DISCIPLINE AND CRIMINAL CASES IN PROGRESS

In our previous report we drew attention to two incidents which took place in 2011. One concerned the Driving License Testing Centre and the other a forensic investigation undertaken on the authority of the MEC for Co-operative Governance and Traditional Affairs.

We have received regular reports on both incidents and while they have not been concluded by the year end, it is anticipated that both will be finalised early in the new-year. However, the loss in revenue from the Driving License Centre is not expected to be fully re-instated until 2013/14.

### (C) OVERSIGHT OF RISK MANAGEMENT

Risk management has not been effectively practiced in the Municipality in 2011/12 as the following structures and instruments were not in place in the year under review. The Risk Management Committee;  
Chief Risk Officer;  
Risk Champions  
Risk Register;  
Risk Management Strategy; and  
Risk Management methodology.

Risk Management was not a standard item on the Agenda of the Audit Committee. As a result the Audit Committee could not receive assurance that there were effective processes and procedures followed by the municipality to ensure that risks are identified, measured and monitored.

However, risk management has been prioritized by the Audit Committee and as a result a risk register for 2012/13 has been developed and presented to the Audit Committee on 30 July 2012. The risk management will be a standing item on the Audit Committee agenda moving forward.

## PERFORMANCE MANAGEMENT REPORT

### 1. BACKGROUND

The MFMA and the Municipal Planning and Performance Management Regulations require that the Municipal Council establish an Audit Committee consisting of a minimum of three members, where the majority of members are not employees of the municipality. No Councillor may be a member of an audit committee. Council must also appoint a chairperson who is not an employee.

The Regulations give municipalities the option to establish a separate Performance Audit Committee whereas the MFMA provides only for a single audit committee. An audit committee could also be shared between a District and Local municipalities. Section 14 (2-3) of the Regulations require the Audit Committee to:

- ✿ Review the quarterly reports submitted to it by the Internal Audit unit
- ✿ Review the municipality's OPMS and make recommendations in this regard to the Council of the Municipality
- ✿ At least twice during a financial year submit an audit report to the Municipal Council

In order to fulfil their function a (Performance) Audit Committee may communicate with the Council and Municipal Manager or Internal Audit and access any municipal records. They may also investigate any matter necessary for the performance of their duties.

### 2. REVIEW THE QUARTERLY REPORT SUBMITTED TO IT BY THE INTERNAL AUDIT UNIT

It is important to note that Mandeni Municipality has one Committee that deals with both Performance and Audit. During the 2011/12 financial year the committee received two Performance Information reports from the Internal Audit. Each report was based on two quarterly reviews conducted at the municipality.

The Municipal Planning and Performance management Regulations stipulates that the internal audit section must, on a continuous basis, audit the results of a Municipality's performance measures and this must include an assessment of the following:

#### ✿ Functionality

The internal audit section must on a regular basis audit whether the Organisational Performance Management System (OPMS) of the Municipality is functioning as intended and described in the OPMS Framework. The Internal Audit found that the OPMS was not functioning as expected in the first two quarterly reports to Audit Committee. In the second and fourth quarterly report the Internal Audit identified weakness in term of high, medium and low.

The table below reflect the first quarterly report.

Total Number of findings	17.00	100%
Total number of findings High	08.00	47%
Total number of findings Medium	08.00	47%
Total number of findings Low	01.00	06%

# REPORT OF THE CHAIRPERSON OF THE AUDIT COMMITTEE

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The table below reflect the first two quarterly report.

Total Number of findings	07.00	100%
Total number of findings High	02.00	29%
Total number of findings Medium	05.00	71%
Total number of findings Low	00.00	06%

This shows a significant improvement in the Municipal performance at the end of the financial year and the Performance/Audit Committee is satisfied with the improvement over the period in review

### ⚙ Compliance

The Internal Audit Unit must, on at least an annual basis, verify that the Municipality's OPMS complies with the legal requirements. With regards to compliance with legal requirements the Internal Audit found that the municipality is reasonably complying with the legislations. The report was tabled to Performance Audit Committee and it was also satisfied with report presented on compliance.

### ⚙ Reliability

A reliability audit entails the continuous verification of performance measures and targets reported on so as to ensure reliable and accurate reporting. This requires a proper data management system (electronically or otherwise) so that the internal audit section is able to access the necessary information they need to verify. This was found not to be in good order hence a recommendation was made to correct the situation. Each Section 57 employee was given feedback by the Internal Audit and they all agreed to take corrective measures. The improvement also was noticed from both reports presented by the internal Audit to the Performance Audit Committee.

### 3. REVIEW THE MUNICIPALITY'S OPMS AND MAKE RECOMMENDATIONS IN THIS REGARD TO THE COUNCIL OF THE MUNICIPALITY

The following were noted as short comings of the OPMS:

- ⚙ Organizational Score Card are not forwarded to the Municipal Exco in a timely manner
- ⚙ Reviews are not conducted at the end of each quarter
- ⚙ Remedies for unacceptable performance are not available at the municipality
- ⚙ Some of the POE file are not available for inspection.

Based on the above the recommendations from the Internal Audit Unit were accepted by the committee and management committed itself to ensure implementations of the recommendations of the Internal Audit Unit.

### 4. PERFORMANCE AUDIT COMMITTEE REPORT TO COUNCIL

It must be noted that there have been regular reports to Council during the financial year from the Performance/ Audit Committee. The plan is to put corrective majors in place in order to conduct the business of performance management in a correct manner with effect from the beginning of the new financial year 2012/13.

### 5. RECOMMENDATIONS

It is recommended that Council adopt the 2012/13 scorecard by the first quarter of the 2012/13 financial year and published it to the community as expected. The reviews of the senior management be conducted with immediate effect. Dates for Council feedback by the Audit Committee be set from the beginning of the financial year.

### CONCLUSION

I would like to thank my colleagues for making themselves available to serve on this Committee and for the significant contribution that they have made. As an Audit Committee, we rely to a great extent on Internal Audit for their support and assistance and, in particular, for the role they continue to play in improving the accounting and internal control systems at Mandeni Municipality.

We are also grateful to the Chief Financial Officer, KwaZulu-Natal Provincial Treasury, Office of the Auditor General, Co-operative Governance and Traditional Affairs (CoGTA) and other invitees to our meeting, including the external service providers, all of whom provide invaluable information to the Audit Committee.



J. R. Hunt  
Chairperson: Audit Committee  
Mandeni Municipality  
10 January 2013





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